DOCUMENT RESUME

ED 113 798 EA 007 589

TITLE	California School Accounting Manual. School Business Administration Publication No. 8.
INSTITUTION	California Association of School Business Officials, Sacramento.; California State Dept. of Education, Sacramento. Bureau of School Apportionments and Reports.
PUB DATE	73
NOTE	133p.
AVAILABLE FROM	California State Department of Education, Bureau of Publications, P.O. Box 271, Sacramento, California 95814 ($1.50)
EDRS PRICE	MF-$0.76 HC-$6.97 Plus Postage
DESCRIPTORS	*Administrator Guides; Educational Administration; *Educational Finance; Elementary Secondary Education; Glossaries; *Management Systems; Manuals; *Recordkeeping; Records (Forms); *School Accounting
IDENTIFIERS	*California

ABSTRACT

This edition of the California School Accounting Manual completely revises the previous school accounting system in California. It is intended to provide the procedures and methods necessary for school business officials to develop any kind of financial information that may be requested by local, county, or state education agencies. This manual establishes procedures and codes for accounting income and expenditures by object, rather than by function. This new system provides maximum flexibility, as the object accounts may be combined in any number of ways to illuminate many different kinds of programs. The manual is organized in eight parts. Parts 1, 2, 3, and 4 present account codes and required accounting and reporting procedures; parts 5 and 6 discuss recommended procedures for stores systems and general ledger accounting; and parts 7 and 8 present glossaries of accounting and data processing terminology. Although the manual was prepared specifically for use in California public schools, many of the financial reporting forms and procedures described may be useful in other states as well. (Author/JG)

Documents acquired by ERIC include many informal unpublished materials not available from other sources. ERIC makes every effort to obtain the best copy available. Nevertheless, items of marginal reproducibility are often encountered and this affects the quality of the microfiche and hardcopy reproductions ERIC makes available via the ERIC Document Reproduction Service (EDRS). EDRS is not responsible for the quality of the original document. Reproductions supplied by EDRS are the best that can be made from the original.

U.S. DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
NATIONAL INSTITUTE OF
EDUCATION
THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

ED113798

CALIFORNIA SCHOOL ACCOUNTING MANUAL

School Business Administration
Publication No. 8

EA 007 589

CALIFORNIA STATE DEPARTMENT OF EDUCATION
Wilson Riles, Superintendent of Public Instruction
Sacramento, 1973

$1.50

CALIFORNIA SCHOOL ACCOUNTING MANUAL

1973 EDITION

Officially approved by the
California State Board of Education
in accordance with Education Code Section 17199
for required use by California public schools

Prepared under the direction of the
Bureau of School Apportionments and Reports
with the cooperation of the
California Association of School Business Officials

This publication was edited and prepared for photo-offset production by the Bureau of Publications, California State Department of Education, and published by the Department, 721 Capitol Mall, Sacramento, California 95814.

Printed by the Office of State Printing and
distributed under the provisions of the
Library Distribution Act

1973

FOREWORD

The *California School Accounting Manual,* 1973 edition, has been prepared for use in California public schools by the California State Department of Education, with the cooperation and help of the California Association of School Business Officials, under the guidance and direction of the Educational Management and Evaluation Commission. The California State Board of Education, acting under the provisions of Education Code Section 17199, has approved it as the official manual for California public school accounting.

The accounting procedures outlined in this official manual have been field-tested by those responsible for California public school accounting. We know that the officials responsible for the accounting practices employed by California public schools are qualified to do their work well. We are therefore certain that the work of these officials, as evidenced in the *California School Accounting Manual,* will meet with the hearty approval of all who have responsibility for the operation of California public schools.

Wilson Riles

Superintendent of Public Instruction

PREFACE

California school districts are required by law to prepare financial reports and annual budgets that show all purposes for which the districts will need financial support. These reports and budgets are prepared on forms prescribed by the Superintendent of Public Instruction. The county superintendents of schools are required to make annual financial reports to the Superintendent of Public Instruction which show for each school district in their respective counties the amounts expended for each classification of expenditure designated by the Superintendent of Public Instruction.

The California Association of School Business Officials has for a number of years been cooperating with the State Department of Education in the preparation of the accounting manuals that have been published by the Department of Education for use by the school districts and offices of the county superintendents of schools. The first of these, *Handbook of Instructions for the Classification of School Expendituress,* was published in 1939. In this manual the expenditure classification and the instructions conformed with those being employed by the United States Office of Education. This handbook contained instructions for the classification of expenditures, distinguished between supplies and equipment, and defined accounting terms. A second handbook, *The Accounting of Abatements of School Revenue and Expenditure,* was published in 1941.

In 1944 the first handbook was revised to contain the expenditure classification and procedures then recommended by the United States Office of Education. This edition of the manual, known as the *California School Accounting Manual, Parts I-IV,* was then revised in 1951 to secure additional segregation of expenditure classes and to provide clarification of the instructions. A supplemental guide, *Supplement to California School Accounting Manual,* published in 1954, was devoted to general ledger and stores system accounting, and to classification of income.

In 1957 the United States Office of Education published *Financial Accounting for Local and State School Systems: Standard Receipt and Expenditure Accounts,* which was intended as a guide for nationwide standardization of accounting practices. Although certain California laws, practices, and procedures made it impractical, if not impossible, to adopt all the procedures recommended in this publication, in 1961 the *California School Accounting Manual* was revised wherein possible in terms of the United States Office of Education recommendations. This revision contained four parts: "Income"; "Expenditures"; "Equipment, Supplies, Improvement of Sites, Building Fixtures, and Service Systems"; and "Stores System Procedures, Controls, and Accounting."

The 1964 edition of the *California School Accounting Manual* contained three new parts developed by accounting committees of the California Association of Public School Business Officials: "General Ledger Accounting," "Program Cost Accounting," and "Accounting Terminology."

In 1966 the *California School Accounting Manual,* Part I, "Income," was revised to provide income accounts for the many new federal programs.

The 1968 and 1971 editions served to update the 1966 edition.

The 1973 edition of the *California School Accounting Manual* completely revises the previously established school accounting system. It establishes procedures and codes for the accounting of income and expenditures by object, rather than by function. The new manual provides maximum flexibility, as the object accounts may be combined in any number of ways to illuminate many different kinds of programs.

Upon recommendation of the Educational Management and Evaluation Commission, this edition of the manual has been approved in accordance with Education Code Section 17199 by the California State Board of Education as the official accounting manual for California public schools.

The members of the five sections of the Accounting, Budgeting, and Data Processing Research committees of the California Association of School Business Officials have provided invaluable assistance to the State Department of Education in its endeavor to produce this new accounting manual. The State Department of Education staff prepared the various drafts of the manual, which were reviewed by the Educational Management and Evaluation Commission.

The 1973 edition of the *California School Accounting Manual* provides methods to account for income and expenditures in instructional and support programs. Account codes and required accounting and reporting procedures are presented in Parts I, II, III, and IV of this manual. Parts V and VI provide recommended procedures for stores systems and general ledger accounting. It is intended that this accounting manual provide the procedures and methods for school business officials to develop any kind of financial information requested by those local, county, and state agencies responsible for the management of education in California.

EDWIN H. HARPER
Deputy Superintendent of Public Instruction
for Administration

JACQUE T. ROSS
Chief, Bureau of School
Apportionments and Reports

CONTENTS

Page

Foreword iii

Preface v

Introduction xi
  Special Features of School Accounting xi
    Fixed Assets Records xii
    Long-term Liabilities xii
    Revenue xii
    Expenditures xii
    Appropriations xii
    Encumbrances xiii
    Fund Balance xiii
  Funds xiii
    Classification of Funds xiii
  Budget xiii
  Books of Original Entry xiii

I FINANCIAL REPORTING I-1
  Annual Financial Report I-1
  Cost Data Report I-1
    Exhibit I-A Annual Financial Report, Income by Source I-2
    Exhibit I-B Annual Financial Report, Expenditures by Object I-4
    Exhibit I-C Annual Financial Report, Expenditures by General Education, Special Education, and Support Service Programs I-8
    Exhibit I-D Program Classification Definitions I-9
    Exhibit I-E Cost Data Report I-12

II INCOME II-1
  Classification of Income II-1
  Instructions for Using Income Classifications II-1
  Miscellaneous Funds II-8
    Royalties and Bonuses II-8
    Rentals II-8
    Income from Property Not Subject to Tax II-8
    Payments in Lieu of Taxes II-8
  Abatement of Income II-9
  Accounting Procedure II-9
  Income II-9
  Accounting for Certain Apportionments (Loans) II-10

III EXPENDITURES III-1
General Instructions III-2
Section A Objects of Expenditure Classifications, Their Content, and Instructions Regarding Their Use III-3
Section B Direct and Indirect Cost Distribution III-11
Direct Costs III-11
Direct Cost Prorations III-11
  Holding Accounts III-11
  Two or More Programs III-12
Direct Support Charges III-12
Indirect Support III-15
  Allocations Based on Number of Teachers and Aides III-16
  Allocations Based on Program Enrollment III-16
Section C Miscellaneous Accounting Procedures III-16
Cooperative Projects III-16
Accounting by Funds III-17
Accounting for Stores III-17
Abatements of Expenditures III-18
  Accounting Instructions for Abatements III-18
  Use of Contra Accounts III-18
  Relationship of Abatements of Expenditure to Appropriation Control III-19
  Principal Types of Abatements of Expenditure III-19
    Exhibit III-A Analysis of Salaries III-20

IV SUPPLIES AND CAPITAL OUTLAY INCLUDING EQUIPMENT, SITES AND IMPROVEMENT OF SITES, BUILDING FIXTURES, AND SERVICE SYSTEMS IV-1
Criteria for Distinguishing Between Supplies and Equipment IV-1
Criteria for Identification of Capital Outlay IV-2
  Equipment IV-2
  New Sites and Improvement of Sites IV-2
  Buildings IV-2
  Improvement of Buildings IV-2
  Building Fixtures IV-2
  Service Systems IV-2
  Criteria for Identification of Building Fixtures and Service Systems IV-2
  Purchase, Rental, Lease, or Lease with Option to Purchase IV-3

V STORES SYSTEM PROCEDURES, CONTROLS, AND ACCOUNTING V-1
Optional Methods of Financing, Accounting, and Controlling V-1
  Stores Account Method V-1
  Revolving Fund Method V-1
Types of Supplies in a Stores System V-1
Essentials of a Stores System V-2
  Devices for Control of Purchases V-2
  Records of Perpetual Inventory V-2
  Verification by Physical Inventory V-2
  Security Control and System of Internal Checks V-2
  Planned Procedures for Receiving and Issuing V-2
  Lines of Authority and Responsibility of Personnel V-3

Accounting for a Stores System V-3
  Stores Account Method V-3
  Revolving Fund Method V-4
Typical Costs of Receiving, Warehousing, and Distribution in Connection with a Central Stores System V-4

VI GENERAL AND SUBSIDIARY LEDGER ACCOUNTING VI-1

Definition of General Ledger Accounting VI-1
General and Subsidiary Ledgers VI-1
General Ledger Accounts VI-3
General Ledger Procedures VI-7
  Opening the General Ledger VI-7
  Recording the Approved Budget—Income VI-9
  Recording the Approved Budget—Expenditures VI-11
  Recording the Approved Budget—Reserves VI-15
  Recording Encumbrances VI-17
  Recording Income and Other Cash Receipts VI-22
  Recording Expenditures and Other Disbursements—Salaries VI-25
  Recording Expenditures and Other Disbursements—Other VI-27
  Recording Encumbrance Adjustments—Salaries VI-29
  Recording Encumbrance Adjustments—Other than Salaries VI-30
  Recording Other Adjustments VI-31
  Closing the General Ledger VI-33
Prepaid Expenses VI-37
Accounting for Stores VI-38
General Ledger Accounting for Building Funds VI-41

VII ACCOUNTING TERMINOLOGY VII-1

VIII DATA PROCESSING TERMINOLOGY VIII-1

INTRODUCTION

Today we are in the midst of a great upsurge of public interest in school programs, budgets, and finance. Schools are performing new services that previously were not part of public education. In this environment educators need tools to interpret educational programs to their communities and to legislators. Some of the needed tools are precise accounting terms that are easily understood. These tools enable educators to highlight the many programs in a school system and to relate these programs to their costs.

Definitive costs such as *teachers' salaries* are easy to understand; however, they give only part of the financial picture. The other part is the activity or *program,* comprised of *object expenditures* such as textbooks and supplies. These objects are purchased and are charged to the program they serve. This procedure is known as *accounting by program, program accounting,* or *program cost accounting.*

Parallel to program accounting as a concept is *program budgeting,* defined as a grouping of proposed expenditures and anticipated income according to the series of activities or program they are intended to support. When objects of expenditure are so grouped, they form a *program expenditure budget.* After expenditures have been made, they may be analyzed according to the same object classifications used in the program budget to give a complete picture of the program as budgeted and as actually carried out.

A program budget lists and summarizes what is needed to accomplish program aims. The number of teachers is determined, and their salaries are estimated. Textbooks, supplies, equipment, and other requirements are listed along with their cost estimates. The total requirements constitute the program expenditure budget. This process produces a list of objects of expenditure that is meaningful to educators, members of governing boards, legislators, and the community. Thus, with varying degrees of refinement, the program budgeting process is essentially one of listing the objects needed to accomplish the program's aims. This process is presently used by school districts receiving categorical aid.

This accounting manual presents a format for collecting and presenting data that can be used in a variety of ways to serve the educational purposes of school districts and the state. The manual provides maximum flexibility to districts because its object accounts can be combined in any number of ways to illuminate many different kinds of programs. The district defines its programs and the district decides exactly how object items are to be combined. Therefore, the accounting manual provides the flexibility to budget, account for, and report the costs of whatever programs are operated in California school districts.

Special Features of School Accounting

Fundamental principles of accounting theory apply to governmental accounting, including public school accounting, as well as to commercial accounting. The basic principles are as follows:

Uniform nomenclature, adequate to satisfy technical requirements yet understandable to the layman, should be used.

Data should be organized in a manner conducive to prompt and accurate preparation of reports and financial statements.

A double entry set of accounts should be maintained on a modified cash basis.

The accounting system should be organized in a manner that will facilitate an efficient preparation of the periodic audit.

The records should help guarantee that expenditures will be made according to legislative, administrative, and governing board intent.

Data should be organized to facilitate the preparation of future budgets.

The special features of school accounting are presented and discussed in this section.

Fixed Assets Records

Although fixed assets of a school district have little or no bearing on a district's solvency, records should be maintained to account for fixed assets; e.g., investments in land, ground improvements, buildings, and equipment. The records provide basic information for administrative control and insurance valuation purposes.

Fixed asset accounts should be charged with capital outlay expenditures from all funds either currently or by a summary entry at the end of each fiscal year. At the same time, a reserve account entitled "Investment in Fixed Assets" should be credited with a like amount. Fixed asset retirements and adjustments are treated in a similar manner by appropriate charges or credits to these accounts.

Depreciation records on fixed assets generally are not maintained in tax-supported agencies except in the public utility type of agency. Memorandum depreciation records may be maintained if desired to reflect future liability for fixed asset replacement.

Long-term Liabilities

The long-term financing of a government unit is different from private enterprise in that the bonds issued by a business concern are usually secured by the fixed assets of the issuing concern. Governmental bonds are dependent for security upon the ability of the school district to raise money through taxation.

Bonded debt accounts are maintained by the county auditor, and data are usually furnished the school district annually regarding the budget requirements for the Bond Interest and Redemption Fund. However, school districts should keep memorandum records of the bonded debt in order to have at hand complete data regarding such indebtedness, present and future tax requirements for bond redemption and interest, and potential additional bonding capacity of the district.

Revenue

The National Committee on Municipal Accounting defines revenue as "additions to assets which do not increase any liability, nor represent the recovery of an expenditure, nor represent the cancellation of liabilities without a corresponding increase in other liabilities or a decrease in assets." Furthermore, it notes that "revenue refers to an increase in the net resources or surplus of a fund." The committee also points out that not all increases in the net resources of a particular fund "result in an increase in the net resources of the municipality as a whole, since the resources of another fund may decrease correspondingly."

Fund revenues are ordinarily classified as to source, such as federal subvention, state apportionments, or district taxes.

Expenditures

Expenditures represent charges against appropriations. If the accounts are kept on the accrual basis, the term *expenditures* includes total charges incurred, whether paid or unpaid. When the accounts are kept on a cash basis, the term covers only the actual cash disbursements.

Appropriations

An *appropriation* is an allocation of funds, income, or estimated income made by the governing board of the school district for specific purposes, usually limited as to the time when it may be expended.

Appropriations made by the governing board authorize the school district to spend certain sums of money for definite activities. An appropriation specifies in some detail the exact purposes for which expenditures may be made, the amount to be spent, and the period of time during which the expenditures are to be made.

Even though expenditures are carefully planned, changes in appropriations are sometimes necessary. Certain contingencies may arise that require additional appropriations. A contingent reserve (Appropriation for Contingencies) is provided from which the governing board may authorize transfers to activities for which insufficient funds were provided in the original appropriation.

Encumbrances

In order to keep commitments within the financial plan, obligations in the form of purchase orders or contracts that are to be met from an appropriation are recorded as a restriction of the appropriation balance. By this means the administration has a control to prevent the overexpenditure of an appropriation.

When encumbrances are not formally entered against the appropriation account, it is possible to approve commitments that may exceed the amount allocated to the appropriation. The obligations cease to be encumbrances when paid.

Fund Balance

The term *fund balance*, with suitable qualification, is employed to denote the excess of assets over liabilities or, at other times, excess of resources over the sum of obligations, reserves, and unencumbered appropriations.

Funds

The National Committee on Municipal Accounting defines the term *fund* as a "sum of money or other resources (gross or net) set aside for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations and constituting an independent fiscal and accounting entity." Thus, the accounting structure of a fund may include all the usual general ledger accounts; e.g., assets, liabilities, fund balance, income, expenditures, appropriations, and encumbrances. The records may or may not be physically separated from other funds, but the fund will be a complete and separate entity yielding distinct financial reports. In a number of cases, specific expenditures may be legally made from two or more different funds. In a few instances, the law authorizes transfers from one fund to another by resolution of the governing board.

Classification of Funds

The number of kinds of funds authorized by law may vary from time to time. In addition to the General Fund, some of the typical funds used by school districts are the Building Fund, State School Building Fund, and Cafeteria Fund. However, taking into account the restrictions involved in each fund, the greater the number of funds, the more rigid the financial administration becomes. Therefore, in the absence of legal requirements, the organizational unit should establish as few funds as possible.

Budget

The *budget* is a proposed plan of expenditures and the means of financing these expenditures, taking into account the necessary legal requirements. The annual financial and budget reports are fiscal documents exhibiting actual income and expenditures of prior fiscal years, the proposed appropriations for expenditures, and the proposed sources of income to meet these appropriations for the succeeding fiscal year in every fund of the school district.

Books of Original Entry

Transactions of several kinds are recorded in documents such as apportionment notices, cash receipts, deposit records, requisitions, purchase orders, warrants, and warrant registers. These documents should be employed for direct or summarized posting to ledger accounts. They should indicate the accounts affected by account name or number.

Documents that represent transactions of any one kind and that are numerous and regularly recurring are usually recorded consecutively and chronologically in specialized registers. These registers are employed for the accumulation of totals of a number of similar transactions to reduce the number of postings to general ledger accounts.

Every accounting system needs a journal or system of journal vouchers, other than special registers, for the first formal recording of those infrequent entries for which no other provision is made; e.g., opening, adjusting, and closing entries, and for posting to ledgers. Standard commercial forms are suitable in many cases.

Part I

Financial Reporting

To meet the state legal requirements for school district budget and financial information, two basic fiscal reports are to be submitted at the end of each year—an Annual Financial Report and a Cost Data Report. The Annual Financial Report has three distinct parts: (1) Income by Source; (2) Expenditures by Object; and (3) Expenditures by General Education, Special Education, and Support Service Programs.

Annual Financial Report

1. *Income by Source.* The Income by Source section itemizes Beginning Balance, Income by Source, and Incoming Transfers. This reporting document is illustrated in Exhibit I-A.[1]

2. *Expenditures by Object.* The Expenditure by Object section itemizes the various classifications of Expense, Other Outgo, and Ending Balance. This reporting document is illustrated in Exhibit I-B.[1]

3. *Expenditures by General Education, Special Education, and Support Service Programs.* The Expenditure by General Education, Special Education, and Support Service Programs section summarizes the Instructional and Support Program costs and Other Outgo. This reporting document is illustrated in Exhibit I-C.[1] Program classification definitions are shown in Exhibit I-D.

Cost Data Report

The Cost Data Report is used to identify costs of special projects and other programs as they may be needed. It itemizes the major objects of expenditure and support charges to identify the total costs of programs. This reporting document is illustrated in Exhibit I-E. This format of reporting may be of assistance to school districts when they need program cost information for management purposes.

---

[1] The actual Annual Financial Report document will contain more specific information and instructions.

Exhibit I-A — Income by Source

ANNUAL FINANCIAL REPORT

		General fund	All other funds	Total, all funds
	BEGINNING BALANCE, JULY 1			
	Cash in County Treasury			
	Cash in Bank(s) (E.C. 5758 or 7405 only)			
	Revolving Cash Fund (E.C. 21301–21305, 21320)			
	Cash Collections Awaiting Deposit (E.C. 17152–17207)			
	Investments in U.S. Bonds (at cost; E.C. 17203)			
	Accounts Receivable (reported on Form J-43-A)			
	Stores			
	Prepaid Expense			
	Other Current Assets			
	TOTAL CURRENT ASSETS			
	Less: Current Liabilities and Deferred Income (reported on Form J-43)			
	NET BEGINNING BALANCE (must agree with Net Ending Balance reported for prior year)			
	Adjustments to Accounts Receivable			
	Adjustments to Current Liabilities			
	ADJUSTED NET BEGINNING BALANCE			
	INCOME BY SOURCE			
8100–8400	**Federal Income**			
8110	Maintenance and Operations (P.L. 81-874)			
8120	Veterans' Education			
8130	School Construction (P.L. 81-815)			
8140	Education Professions Development Act (P.L. 89-329)			
8150	Economic Opportunity Act (P.L. 88-452)			
8160	Elementary and Secondary Education Act (P.L. 89-10)			
8170	Emergency Employment Act of 1971			
8210	National Defense Education Act			
8220	Child Nutrition Programs			
8230	Manpower Development and Training Act of 1962 (P.L. 87-415)			
8240	Vocational Education Amendments of 1968 (P.L. 90-576)			
8310	Forest Reserve Funds			
8320	Flood Control Funds			
8480	"Miscellaneous Funds"			
8490	Other Federal Income			
	Subtotal			
8500	**Combined Federal and State Income**			
8520	Preschool Education Aid			
8530	Children's Centers			
8580	"Miscellaneous Funds"			
8590	Other State and Federal Income			
	Subtotal			

Exhibit I-A (Continued)

		General fund	*All other funds*	*Total, all funds*
8600	**State Income**			
8610	Principal Apportionment			
8620	Special Purpose Apportionment			
8630	Special Allowances			
8640	Apportionment for School Facilities			
8650	Apportionment for Children's Centers			
8660	Apportionment for Development Centers			
8670	Tax Relief Subventions			
8680	"Miscellaneous Funds"			
8690	Other State Income			
	Subtotal			
8700	**County Income**			
8710	Community College Tuition Tax			
8720	Equalization Aid Offset Tax			
8730	High School Tuition Tax			
8740	County School Tuition Fund			
8750	Contract Services			
8780	"Miscellaneous Funds"			
8790	Other County Income			
	Subtotal			
8800	**Local Income**			
8810	District Taxes			
8820	City and County Taxes			
8830	Areawide Taxes			
8840	Sales			
	8841 Sale of Bonds			
	8843 Sale of Equipment and Supplies			
	8843 Sale of Land and Buildings			
	8844 Food Service Sales			
	8845 Sale of Publications			
	8849 Other Sales			
8850	Rentals and Leases			
8860	Interest			
8870	Fees and Contracts			
8880	"Miscellaneous Funds"			
8890	Other Local Income			
	Subtotal			
8900	**Incoming Transfers**			
8910	Junior High School Tuition			
8920	Other Tuition			
8930	Interfund Transfers			
8990	Other Incoming Transfers			
	Subtotal			
	TOTAL INCOME			
	TOTAL, NET BEGINNING BALANCE AND INCOME			

Exhibit I-B — Expenditures by Object

ANNUAL FINANCIAL REPORT

EXPENDITURES BY OBJECT		General fund	All other funds	Total, all funds
1000	**Certificated Salaries**			
1100	Teachers' Salaries			
1200	School Administrators' Salaries			
1300	Supervisors' Salaries			
1400	Librarians' Salaries			
1500	Guidance, Welfare, and Attendance Personnel Salaries			
1600	Physical and Mental Health Personnel Salaries			
1700	Superintendents' Salaries			
1800	Other Certificated Salaries of District and County Administrative Personnel			
1900	Other Certificated Salaries			
	Subtotal			
2000	**Classified Salaries**			
2100	Instructional Aides for Direct Teaching Assistance Salaries			
2200	Classified Salaries of County Superintendents' Offices and District Adminstrative Personnel			
2300	Clerical and Other Office Personnel Salaries			
2400	Maintenance and Operations Personnel Salaries			
2500	Food Service Personnel Salaries			
2600	Transportation Personnel Salaries			
2900	Other Classified Salaries			
	Subtotal			
3000	**Employee Benefits**			
3100	State Teachers' Retirement System Annuity Fund			
3200	Public Employees' Retirement Fund			
3300	Old Age, Survivors, Disability, and Health Insurance			
3400	Health and Welfare Benefits			
3410	Health and Welfare Benefits for Teachers and Instructional Aides			
3420	Health and Welfare Benefits for All Other Employees			
3500	State Unemployment Insurance			
3510	Unemployment Insurance for Instructional Aides			
3520	Unemployment Insurance for All Other Employees			
3600	Workmens Compensation Insurance			
3900	Other Benefits			
	Subtotal			
4000	**Books, Supplies, and Equipment Replacement**			
4100	Textbooks			
4200	Other Books			
4300	Instructional Supplies			
4400	Instructional Media Materials and Supplies			

Exhibit I-B (Continued)

		General fund	*All other funds*	*Total, all funds*
4000	**Books, Supplies, and Equipment Replacement** (Continued)			
4500	Other Supplies			
4600	Pupil Transportation Supplies			
4700	Food Services			
4710	Food			
4720	Meals for Needy Pupils			
4790	Other			
4800	Equipment Replacement			
	Subtotal			
5000	**Contracted Services and Other Operating Expenses**			
5100	Contracts for Personal Services			
5200	Travel, Conference, and Other Expense			
5300	Dues and Memberships			
5400	Insurance			
5410	Property Insurance			
5420	Liability Insurance			
5430	Fidelity Bond Premiums			
5440	Pupil Insurance			
5500	Utilities and Housekeeping Services			
5600	Contracts, Rents, and Leases			
5700	Legal, Election, and Audit Expenses			
5800	Expense for Administrative Districtwide Operation and Other Services			
	Subtotal			
6000	**Sites, Buildings, Books and Media, and Equipment**			
6100	Sites and Improvement of Sites			
6200	Buildings and Improvement of Buildings			
6300	Books and Media for New or Expanded School Libraries			
6310	Library Books			
6320	Library Materials			
6400	Equipment			
6410	Audiovisual Equipment			
6420	Library Equipment			
6430	Food Service Equipment			
6490	All Other Equipment			
	Subtotal			
	Subtotal, Expenditures (1000–6000)			
7000	**Other Outgo**			
7100	Debt Service			
7110	Annual Repayment on Account of Public School Building Apportionment			
7120	Annual Repayment on Account of State School Building Apportionment			
7130	Bond Redemption			
7140	Bond Interest and Other Service Charges			
7150	Repayment of State School Building Fund Aid by Warrant to the State Treasurer for Bond Sales			

Exhibit I-B (Continued)

			General fund	*All other funds*	*Total, all funds*
7100		Debt Service (Continued)			
	7160	Payments to Original District for Acquisition of Property			
	7190	Other Payments			
7200		Outgoing Transfers			
	7210	Junior High School Tuition for Grades Seven and Eight			
	7220	Tuition under interdistrict attendance agreements for general or specific instructional services, including transportation, for designated pupils			
	7230	Education provided in a tuberculosis or polio ward, hospital, or sanatorium maintained by a county or group of counties			
	7240	Tuition and transportation of children attending classes for physically handicapped, educationally handicapped, multiple handicapped, and mentally retarded maintained by a county superintendent of schools and/or other school districts			
	7250	Tuition paid for current expenses to regional occupational centers or programs operated by other school districts, county superintendents of schools offices, and regional occupational centers operated under a joint powers agreement			
	7260	Tuition paid to regional occupational centers or regional occupational programs for capital outlay expense only			
	7270	Tuition paid for nonimmigrant children, noncitizen children, and children residing in foster homes and children's institutions			
	7280	Tuition paid for the education of exceptional children for whom no appropriate special education facilities and services are available or can be provided			
	7290	Other Tuition			
7300		Interfund Transfers			
	7310	From the General Fund to the Child Development Fund and the Development Center for Handicapped Minors Fund			
	7320	Between the General Fund and the Special Reserve Fund			
	7330	To the Public School Building Fund or to the State School Building Fund from all other funds of the district, any monies of the district which are required to be expended for the project for which such apportionment was made			
	7340	From the Bond Interest and Redemption funds, after all principal and interest payments have been made, to the General Fund			

Exhibit I-B (Continued)

	General fund	All other funds	Total, all funds
7300 Interfund Transfers (Continued)			
7390 Other authorized interfund transfers			
7400 Other Transfers			
7410 Transfers from funds of lapsed or reorganized school districts to another school district			
7420 Transfers to the County School Service Fund for the education of mentally retarded minors			
Subtotal			
TOTAL, EXPENDITURES AND OTHER OUTGO			
ENDING BALANCE, JUNE 30			
1. Cash in County Treasury			
2. Cash in Bank(s)			
3. Revolving Cash Fund			
4. Cash Collections Awaiting Deposit			
5. Investments in U.S. Bonds (at cost)			
6. Accounts Receivable			
7. Stores			
8. Prepaid Expense			
9. Other Current Assets			
TOTAL, CURRENT ASSETS			
Less Current Liabilities (reported on Form J-43)			
NET ENDING BALANCE			
TOTAL, EXPENDITURES AND OTHER OUTGO PLUS NET ENDING BALANCE			

Exhibit I-C — Expenditures by General Education, Special Education, and Support Service Programs

ANNUAL FINANCIAL REPORT

	General fund	All other funds	Total, all funds
INSTRUCTIONAL PROGRAMS			
General Education			
Preformal			
Elementary			
Secondary			
Adult			
Subtotal			
Special Education:			
Preformal			
Elementary			
Secondary			
Adult			
Subtotal			
SUBTOTAL, INSTRUCTIONAL PROGRAMS			
SUPPORT SERVICE PROGRAMS (DISTRICT TOTALS)			
Instructional Support:			
Instructional Administration			
Instructional Media			
School Administration			
Subtotal			
Special Projects (Federal and State Categorical Aid Programs)			
Pupil Services			
General Support:			
District and County Superintendents Administration			
Maintenance			
Operations			
Transportation			
Subtotal			
Auxiliary Programs:			
Community Services			
Food Services			
Facility Acquisition and Construction			
Subtotal			
SUBTOTAL, SUPPORT SERVICE PROGRAMS			
OTHER OUTGO			
Tuition			
All Other Outgo			
Subtotal			
TOTAL, EXPENDITURES FOR INSTRUCTIONAL PROGRAMS, SUPPORT SERVICE PROGRAMS, AND OTHER OUTGO			

Exhibit I-D

PROGRAM CLASSIFICATION DEFINITIONS

Instructional Programs

General Education—Instructional activities designed primarily to prepare pupils for the common activities as citizens, including occupational preparation. The general education program area pertains to preformal, elementary, secondary, and adult education.

Special Education—Direct instructional activities designed primarily to deal with the following pupil characteristics: (1) physically handicapped; (2) educationally handicapped; (3) mentally retarded; and (4) mentally gifted and talented. The special education service area pertains to preformal, elementary, secondary, and adult education.

Instructional Support

Instructional Administration—The area of responsibility for the improvement of teaching through a program of leadership, guidance, and assistance to aid teaching staff and to improve curriculum and curriculum materials used by teachers. It consists of supervising instruction, chairing an academic department, developing and improving curricula and curriculum materials, guiding teachers in the use of instructional materials, administering sabbatical leave, providing for inservice training, and so forth.

Instructional Media—The program area consisting of those activities whose purpose is to provide resources to support instruction for a school or a school district. Included in this category are the following:

School Library and Audiovisual. A school library and audiovisual program includes responsibility for organizing and managing library books and preparing, caring for, and making available audiovisual equipment, materials, scripts, and other aids to teaching and learning that have special appeal to sight and hearing. Activities include ordering, cataloging, processing, and circulating books and audiovisual materials and equipment; planning for the use of the library by teachers and pupils; selecting books and audiovisual materials; participating in faculty planning for the use of books and audiovisual materials; and guiding teachers and pupils in the use of the library. Textbooks are not charged here; they are charged to the appropriate instruction program.

Educational Television. An educational television program consists of such activities as writing, programming, and directing educational television programs as a part of the instructional program of the school or district.

Computer Assistance in Instruction. Computer assistance in instruction for a school or a school district consists of such activities as writing, programming, and directing ongoing computer-based instructional programs and instructional management information programs. Computer-assisted instructional activities of an experimental nature are not charged here; they are charged to Instructional Administration.

School Administration—Those activities that have as their purpose overall administrative responsibility for a single school (or several schools, but not a district). It consists of the activities performed by the principal, assistant principals, and other assistants in general supervision of all operations of the school; evaluation of the staff members of the school; assignment of duties to staff members; supervision of the records of the school; coordination of school instructional activities with instructional activities of the school district; noon-duty; curriculum development; inservice training; and so forth.

Special Projects

Special projects are those projects and programs that have their own project directors, are approved and funded by state or federal agencies, and require special project budgets, financial reports, and audits. The direct costs of these projects will be initially recorded as support programs. Projects commonly considered under this heading include, but are not limited to, the following programs:

Exhibit I-D (Continued)

1. Demonstration Programs in Reading and Mathematics
2. Educational Improvement Act of 1969
3. Education Professions Development Act
4. Educational Opportunity Act
5. Elementary and Secondary Education Act
6. Manpower Development Training Act
7. Mathematics Improvement Programs
8. Miller-Unruh Reading Program
9. National Defense Education Act
10. Professional Development Centers
11. Vocational Education Amendments of 1968
12. Research and Teacher Education
13. Special Teacher Employment
14. Emergency Employment Act (PEP)
15. Neighborhood Youth Corps
16. Work Incentive Programs

Pupil Services

Guidance–Those activities that help pupils assess and understand their abilities, aptitudes, interests, environmental factors, and educational needs; assist pupils in understanding educational and career opportunities; and aid pupils in making optimum use of educational and career opportunities through the formulation of realistic goals. Guidance includes such activities as counseling pupils and parents, evaluating the abilities of pupils, assisting pupils to make their own educational and career plans and choices, assisting pupils in personal and social adjustments, and working with other staff members in planning and conducting guidance programs.

Counseling–Those activities that supplement the school system reservoir of information identifying the individuality of each pupil, his capacities, achievements, interests, potentialities, and needs; study the individual pupil experiencing acute problems of educational development to furnish diagnostic information; and suggest programs concerning the psychological aspects of these problems. Guidance includes administering psychological tests and managing and planning a program of psychological services for the school system.

Attendance–Those activities that promote and improve school attendance of pupils. Attendance services consist of such activities as early identification of patterns of nonattendance, promotion of positive pupil and parent attitudes toward attendance, analysis of causes of nonattendance, early action on problems of nonattendance, and enforcement of compulsory attendance laws.

Welfare–Those activities that assist in the prevention or solution of the personal, social, and emotional problems of pupils involving family, school, and community relationships when such problems have a bearing upon the quality of the schoolwork of pupils. It consists of such professional services as diagnosing the problems of pupils arising out of the home, school, or community; undertaking casework services for the child, parent, or both; interpreting these problems of pupils for other staff members; and promoting modification of the circumstances surrounding the individual pupil that are related to his problem insofar as the resources of the family, school, and community can be brought to bear on them. These activities are usually assigned to such staff as school social workers, visiting teachers, and directors of school social work. Programs providing wearing apparel for children are included here.

Health–Those activities that provide physical and mental health services not directly instructional, such as medical, dental, psychiatric, and nursing services.

General Support

Administration by the Office of the County Superintendent and the District–Those activities that have as their purpose overall general administrative responsibility for the entire county superintendent's office or

Exhibit I-D (Continued)

school district. Administration consists of the activities performed by the county governing board, the school board, and the superintendent and his staff such as deputy, associate, area and assistant superintendents, and business managers in general direction and management of all affairs of the school district.

Maintenance–Those activities that are required to repair, restore, or renovate school property, including grounds, buildings, and equipment.

Operations–Those housekeeping activities concerned with keeping the physical plant open and ready for use. Included are cleaning, disinfecting, heating, lighting, communications, maintenance of power, moving of furniture, caring for grounds, and such other housekeeping activities as are repeated somewhat regularly on a daily, weekly, monthly, or seasonal basis.

Transportation–Conveying of pupils to and from school activities, either between home and school or on trips to school activities.

Auxiliary Programs

Community Services–Those activities that have as their purpose community and school recreation and other activities authorized by the Civic Center Act.

Facilities Acquisition and Construction–The acquisition of land and buildings; major remodeling of buildings; construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; initial improvements to sites; and books and equipment for new buildings.

Food Services–Management of the food services program of the school or school district, including the preparation and serving of regular and incidental meals, lunches, or snacks in connection with school activities; and the delivery of food.

Life or Grade Span

Preformal–Those programs and services provided by the district for children of prekindergarten age.

Elementary–Those programs and services provided for pupils enrolled in kindergarten through grade six or kindergarten through grade eight in unified districts, and kindergarten through grade eight in elementary districts.

Secondary–Those programs and services provided for pupils in grades seven through twelve or nine through twelve in unified districts and grades nine through twelve in high school districts.

Adults–Those programs and services provided for adults as defined in the California Administrative Code, Title 5, Education, sections 10500–10591.

Site or Operational Units

Instructional and support programs may be identified by school site, location, or operational unit to provide additional management information relative to the total operation of a district.

Exhibit I-E

COST DATA REPORT

District

Special project or program title

Fiscal year

Fund

	Number
1. Enrollment	
2. Average Daily Attendance (A.D.A.)	
3. Teachers (full-time equivalent)	
4. Other Certificated Employees (full-time equivalent)	
5. Classified Employees (full-time equivalent)	

DIRECT COSTS	Amount
6. Certificated Salaries	
7. Classified Salaries	
8. Employee Benefits	
9. Books and Supplies	
10. Equipment Replacement	
11. Contracted Services	
12. Other	
13. Subtotal (lines 6 through 12)	
14. Capital Outlay	
15. Total Direct Costs (lines 13 and 14)	
DIRECT SUPPORT CHARGES	
16. Instructional Administration and Media	
17. Special Projects	
18. Pupil Services	
19. General Support	
20. Auxiliary Services	
21. Total Direct Support Charges	
22. Total Direct Costs and Direct Support Charges (lines 15 and 21)	
INDIRECT SUPPORT CHARGES	
23. Instructional Administration and Media	
24. Special Projects	
25. Pupil Services	
26. General Support	
27. Auxiliary Services	
28. Total Indirect Support Charges	
29. Total Costs (lines 22 and 28)	

Part II

Income

Income includes both revenue and nonrevenue receipts. Revenue receipts are additions to assets for which no obligations are incurred by the school district and may be used for expenditures at the discretion of the governing board of the district. Revenue receipts include money received through state apportionments and district taxes. Nonrevenue receipts consist of money received in exchange for property of the school district or receipts for which the district incurs an obligation, such as money received through loans or the sale of bonds. Bond or loan receipts must be used by the governing board of the district for the purposes outlined at the time loans are secured or bonds are issued.

The instructions in this manual provide for uniform identification and classification of the receipts for all the funds and accounts of a school district. The instructions should be followed in (1) the day-to-day accounting for receipts; (2) the preparation of budgets; and (3) the preparation of all financial reports. The instructions are applicable to the budgeting, accounting, and reporting of the General Fund and of all special funds of every school district. The designation of the income classification applicable to any particular receipt shall not be interpreted to mean that such income represents an income of the General Fund or of any particular special fund. The selection of the fund must be made in accordance with the provisions of law. In no case should designation of the income classification, such as 8100, **Federal Income**, or 8700, **County Income**, be confused with the selection of the fund, such as the General Fund, Building Fund, or Cafeteria Fund.

School districts operating on a cash basis account for income when it is received. Districts operating on an accrual basis account for income when it is earned. The school district budget form prescribed and the annual financial report form supplied by the Superintendent of Public Instruction contemplate the use of the accrual basis of accounting for expenditures and the partial accrual basis of accounting for the income of school district funds, except for the Bond Interest and Redemption Fund. The accounting and reporting of a school district's Bond Interest and Redemption Fund either on a cash basis or on an accrual basis, as determined by the county auditor, are acceptable to the Superintendent of Public Instruction.

Classification of Income

School districts are required to classify income according to the major and subordinate classifications outlined in this section. Major classifications are printed in boldface roman capital and lowercase letters; for example, 8100, **Federal Income**. Required subordinate classifications are printed in boldface italic capital and lower case letters; for example, 8110, ***Maintenance and Operation*** (Public Law 81-874). Many school districts may find it desirable to increase the number of subdivisions of the income classifications in accordance with local administrative needs.

Major classifications of income are as follows:

8100–8499	**Federal Income**
8500–8599	**Combined State and Federal Income**
8600–8699	**State Income**
8700–8799	**County Income**
8800–8899	**Local Income**
8900–8999	**Incoming Transfers**

Instructions for Using Income Classifications

8100–8499 **Federal Income**

Record in the appropriate subordinate classifications all income received from the federal government. Record federal income for which the state or any other agency serves as the distributing agency. Identify the purposes for which income is received and account for the money received for each purpose.

8110 *Maintenance and Operation* (Public Law 81-874)

Record amounts allowed for maintenance and operation resulting from the identification of students or parents working on or living on federal property.

8120 *Veterans' Education*

Record amounts allowed for veterans' education.

8130 *School Construction* (Public Law 81-815)

Record amounts allowed for school construction and facilities acquisition.

8140 *Education Professions Development Act, B-1 and B-2* (Public Law 90-35)

Record amounts received from federal agencies for the Education Professions Development Act, Title I.

8150 *Economic Opportunity Act* (Public Law 88-452)

Record amounts received directly from federal agencies for Economic Opportunity Act programs.

8160 *Elementary and Secondary Education Act* (Public Law 89-10)

Record amounts received from federal agencies for Elementary and Secondary Education Act programs.

8170 *Emergency Employment Act of 1971* (Public Law 92-54)

Record amounts received under the provisions of the Emergency Employment Act of 1971.

8210 *National Defense Education Act* (Public Law 85-864)

Record amounts allowed under the National Defense Education Act.

8220 *Child Nutrition Programs*

Record amounts allowed for the school lunch program, special milk program, school breakfast program, food assistance program, and special assistance program (free meals) received from federal sources.

8230 *Manpower Development and Training Act* (Public Law 87-415)

Record amounts allowed for Manpower Development and Training Act programs from federal sources.

8240 *Vocational Education Amendments of 1968* (Public Law 90-576)

Record amounts allowed for Vocational Education Amendments of 1968 programs from federal sources.

8310 *Forest Reserve Funds* (Education Code Section 20251)

Record all income from forest reserve funds apportioned by the federal government but distributed to the district by the county superintendent of schools with the approval of the county board of education.

8320 *Flood Control Funds* (Education Code Section 20109)

Record all income from flood control funds apportioned by the federal government but distributed to the district by the county superintendent of schools with the approval of the county board of education.

8480 *"Miscellaneous Funds"* (Education Code Section 17606)

See explanation on page II-8.

- 8481 *Royalties and Bonuses*
- 8482 *Rentals*
- 8483 *Income from Property Not Subject to Tax*
- 8484 *Payments in Lieu of Taxes*

8490 *Other*

Record all other federal funds received except funds defined as "miscellaneous funds" by the California Administrative Code, Title 5, Education, Section 17261. These are to be recorded in classification 8480, *Miscellaneous Funds.*

8500 Combined State and Federal Income

Record in the appropriate subordinate classes of this major class all income received that includes combined state and federal funds and that is distributed by the state agency with no indication of how the allowance is prorated between federal and state funds.

8520 ***Preschool Education Aid*** (Public Law 87-543)

Record amounts allowed from combined federal and state funds for preschool education aid under Education Code sections 16643-16644. Do not include amounts allowed for preschool education aid from other state or federal sources.

8530 ***Children's Centers*** (Education Code Section 16616)

Record amounts allowed for capital outlay for children's centers.

8580 ***"Miscellaneous Funds"*** (Education Code Section 17606)

See explanation on page II-8.

8581 ***Royalties and Bonuses***

8582 ***Rentals***

8583 ***Income from Property Not Subject to Tax***

8584 ***Payments in Lieu of Taxes***

8590 ***Other***

Record all other combined state and federal funds except funds defined as "miscellaneous funds" by the California Administrative Code, Title 5, Education, Section 17261. These are to be recorded in classification 8580, *"Miscellaneous Funds."*

8600 State Income

Record in the appropriate subordinate classes of this major class all state funds received. Do not record federal funds distributed by the state. These are to be recorded under federal income. By law, any State School Fund apportionment or allowance to a school district must be deposited in the General Fund of the school district.

All such amounts should be accounted in terms of the gross amount apportioned. Deductions and withholdings made by the State Controller as required by law must be accounted as expenditures in the same manner as if the full amount had been received and a school district warrant had been drawn for such purpose.

Seventh and eighth grade tuition adjustment is made by the state before gross apportionment is determined. Any income received in correction of a prior apportionment (Education Code Section 17414) or included in the Final State Apportionment should be recorded in the class or classes that define the original apportionment.

8610 ***Principal Apportionment***

Record all amounts allowed under the Principal Apportionment, including advance apportionments, basic and equalization aid, and final apportionments. Record also flat grant allowances received from the following programs on a current basis:

8611 ***Basic and Equalization Aid***

8612 ***Physically Handicapped***

8613 ***Educable Mentally Retarded***

8614 ***Trainable Mentally Retarded***

8615 ***Transportation of Handicapped Pupils***

8616 ***Educationally Handicapped***

8617 ***Mentally Gifted***

8618 ***Direct Service Apportionment*** (County School Service Fund only)

8619 ***Other Purposes Apportionment*** (County School Service Fund only)

8620 ***Special Purpose Apportionment***

Record amounts received for the expenses of maintaining any or all of the following programs during the preceding fiscal year:

8621 ***Driver Training***

8622 ***Transportation***

Record amounts received for transportation, based upon records of expense and approved capital outlay, of furnishing, during the preceding fiscal year, transportation of pupils between their homes and the regular full-time day schools attended by them.

8623 ***Project-connected Pupils***

8630 ***Special Allowances***

8631 ***Apportionment for the Elementary School Reading Program***

Record amounts received under the Basic Reading Act of 1965 (Education Code sections 5770–5798).

8632 *Allowance for Instructional Television*

Record amounts received under Education Code Section 18270 for participation in a program for instructional television established pursuant to Education Code sections 6441 or 6442.

8633 *Apportionment for Special Teacher Employment*

Record amounts received under Chapter 106, Statutes of 1966 (Education Code sections 6481–6485) for the special teacher employment program.

8634 *Allowance for Demonstration Programs in Reading and Mathematics*

Record amounts received under Chapter 106, Statutes of 1966 (Education Code sections 6490–6498) for demonstration programs in intensive instruction in reading and mathematics for low-achieving pupils.

8635 *Apportionment for Handicapped Minors for Whom No State Special Education Facilities Are Available*

Record amounts received for the education of those physically handicapped minors for whom appropriate education facilities and services are not made available by school districts, the county superintendent of schools, or the State of California (Education Code sections 6871–6873).

8636 *Education Improvement Act of 1969*

8637 *Child Nutrition Program*

Record amounts received as a result of implementation of the Duffy-Moscone Act of 1970 (Education Code sections 11901–11910).

8639 *Other*

8640 *Apportionment for School Facilities*

Record any amounts allowed for school housing aid for compensatory education purposes and for districts impacted by seasonal agricultural employment (Education Code sections 19691–19699.4).

Also record amounts allowed through the State School Building Aid Fund. These funds shall be deposited in the State School Building Fund of the school district for school building purposes.

8650 *Apportionments for Children's Centers*

Record amounts allowed for children's centers. School district fiscal control may find it advisable to compute monthly the earned income from this source. Apportionment in advance is based upon estimated attendance. Adjustments at the end of the fiscal year are usually required.

8660 *Apportionments for Development Centers for Handicapped Minors*

Record amounts allowed for purposes of development centers for handicapped minors. School district fiscal control may find it advisable to compute monthly the earned income from this source. Apportionment in advance is based upon estimated attendance. Adjustments at the end of the fiscal year are usually required.

8661 *Attendance*

8662 *Transportation*

8670 *Tax Relief Subventions*

8671 *Reimbursement for Income Lost Because of Business Inventory Exemptions*

Record amounts received for loss of income because of business inventory exemptions (Revenue and Taxation Code Section 219).

8672 *Reimbursement for Income Lost Because of Home Owners' Exemptions*

Record amounts received for loss of income because of home owners' exemptions (Revenue and Taxation Code Section 218; Education Code Section 17252).

8673 *Reimbursement for Income Lost Through Operations Under the Williamson Land Act of 1967*

Record amounts received for loss of income because of the Williamson Land Act of 1967.

8679 *Other*

Record amounts received for loss of income because of exemptions on motion picture films and wine and brandy products (Revenue and Taxation Code sections 988 and 992; Education Code Section 17254).

8680 ***"Miscellaneous Funds"*** (Education Code Section 17606)

See explanation on page II-8.

8681 ***Royalties and Bonuses***

8682 ***Rentals***

8683 ***Income from Property Not Subject to Tax***

8684 ***Payments in Lieu of Taxes***

8690 ***Other***

Record all other state funds received except funds defined as "miscellaneous funds" by the California Administrative Code, Title 5, Education, Section 17261. These are to be recorded in classification 8680, ***"Miscellaneous Funds."***

8700 County Income

Record in the appropriate subordinate classifications of this major classification all county funds received. Do not record federal funds distributed by the county. These are to be recorded as federal income.

8710 ***Community College Tuition Tax***

Record income from counties for nondistrict students attending community college (Education Code Section 20206; County School Service Fund).

8720 ***Equalization Aid Offset Tax***

Record income from taxes levied upon all the assessed valuation of the county to offset the decrease in equalization aid resulting from the upward modification of the assessed valuation (Education Code sections 17261–17265).

8730 ***High School Tuition Tax***

Record income received as high school tuition for pupils who reside in elementary school districts that are not in high school districts, and record income raised by tax levies against the tax rolls of the elementary school districts.

8740 ***County School Tuition Fund***

Record income received from taxes levied for the purposes stated in Education Code sections 20151–20162.

8750 ***Contract Services*** (County School Service Fund only)

Record income received from contracts between the county superintendent of schools and other county agencies.

8780 ***"Miscellaneous Funds"*** (Education Code Section 17606)

See explanation on page II-8.

8781 ***Royalties and Bonuses***

8782 ***Rentals***

8783 ***Income from Property Not Subject to Tax***

8784 ***Payments in Lieu of Taxes***

8790 ***Other***

Record all other county funds received except funds defined as "miscellaneous funds" by the California Administrative Code, Title 5, Education, Section 17261. These are to be recorded in classification 8780, ***"Miscellaneous Funds."***

8800 Local Income

Record in the appropriate subordinate classifications in this major classification all income from local sources. Identify the sources of income and account for the income received from each source.

8810 ***District Taxes***

8811 ***Secured Roll*** (Education Code sections 3255, 17925.5, 20751, 20752, 20803, 20816, and 20903)

Record income from taxes levied on the secured tax roll. District taxes are levied as a result of the filing of an annual budget with the county superintendent of schools for approval and transmittal to the county board of supervisors setting forth the tax requirements of the district as provided in Division 16, Chapter 3, of the Education Code. The board of supervisors determines for the budget year a tax rate that will produce the amount of district tax money requested by the district in its annual budget. The tax rate so determined is limited to statutory maximums except in cases where the electors of the district have authorized a rate in excess of the statutory limits.

Certain tax rates in excess of the statutory or voted rates are authorized in the Education Code for restricted purposes and for special funds of the school district.

All income received from district tax sources is to be accounted on a cash basis. Credits to the various district tax income accounts are made upon receipt of an apportionment notice from the county superintendent of schools indicating that taxes have been deposited in the county treasury.

8812 *Unsecured Roll*

Record income from taxes levied on the unsecured tax roll.

8813 *Prior Years' Taxes*

Record income from tax levies of prior years. Include secured and unsecured tax receipts.

8820 *City and County Taxes*

8821 *City Taxes*

Record income from taxes from an ad valorem levy for school purposes upon the real and personal property located in, and assessed by, a chartered city, which levy is authorized or required by the city charter.

8822 *County Taxes*

Record income from taxes from an ad valorem levy for school purposes upon the real and personal property under the jurisdiction of the county superintendent of schools.

8830 *Areawide Taxes* (Education Code Section 20911)

8831 *Secured Roll*

8832 *Unsecured Roll*

8833 *Prior Years' Taxes*

Record income received from taxes levied on an areawide basis under provisions of Education Code Section 20911.

8840 *Sales*

8841 *Sale of Bonds*

Record income from sale of bonds at par value. The amounts received from the sale of bonds at par value must be deposited in the Building Fund of the district (Education Code Section 21810).

8842 *Sale of Equipment and Supplies*

Record income from the sale of supplies and equipment no longer needed by the schools. The money received is to be placed to the credit of the fund from which the original expenditure for the purchase of the personal property was made (Education Code Section 16403).

8843 *Sale of Land and Buildings*

Record income from the sale of land and buildings. Such income must be used for capital outlay or repaid to the state if under the State Aid Building Program (Education Code sections 16051–16053).

8844 *Food Service Sales*

Record income from the sale of meals and other food items. This income is usually recorded in the Cafeteria Fund or Cafeteria Account.

8845 *Sale of Publications*

Record income from the sale of publications.

8849 *Other Sales*

Record income received from all other sales, such as farm products and printed forms.

8850 *Rentals and Leases, Except "Miscellaneous Funds"*

Record income for the use of school buildings or portions thereof, houses, and other properties of the district that are rented or leased to other school districts for school purposes; and portions of amounts received that are excluded from "miscellaneous funds" in accordance with the California Administrative Code, Title 5, Education, Section 17261, including rentals by Civic Center groups.

Rental or lease income defined as "miscellaneous funds" is to be recorded in classification 8880, *"Miscellaneous Funds."*

8860 ***Interest***

Record income credited or prorated by the county auditor for interest on deposits of school district funds with the county treasurer and interest earnings (Education Code Section 17203).

Money received as premiums and accrued interest at the time of sale of bonds must be deposited in the Bond Interest and Redemption Fund (Education Code Section 21810).

8870 ***Fees and Contracts***

8871 ***Adult Education***

Record income received from students enrolled in classes for adults as tuition under Education Code Section 5757 or as incidental fees under Education Code Section 5758.

8872 ***Nonresident Students***

Record income received from parents or guardians for the total cost of educating foreign residents in the schools of the district (Education Code Section 10508).

8873 ***Children's Centers***

Record income received from parents, guardians, or welfare agencies as fees for the instruction and care of children in children's centers.

8874 ***Development Centers for Handicapped Minors***

Record income received from parents, guardians, or welfare agencies as fees for the instruction and care of children in development centers.

8875 ***Contract Services***

Record income received for contract services rendered by one district or office of county superintendent of schools for another district or office of county superintendent of schools.

8879 ***Other Fees and Contract Services***

Record income received from all other fees and contract services.

8880 ***"Miscellaneous Funds"*** (Education Code Section 17606)

See explanation on page II-8.

8881 ***Royalties and Bonuses***

8882 ***Rentals***

8883 ***Income from Property Not Subject to Tax***

8884 ***Payments in Lieu of Taxes***

8890 ***Other***

Record all other income from local sources such as library fines, contributions, gifts, outlawed warrants, practice teaching, and so forth, except funds defined as "miscellaneous funds" by the California Administrative Code, Title 5, Education, Section 17261. These are to be recorded in classification 8880, *"Miscellaneous Funds."*

8900 Incoming Transfers

Record in the appropriate subordinate classes in this major class all income received for incoming transfers. Identify the sources of tuition payments and account for the income received from each source.

8910 ***Junior High School Tuition for Grades Seven and Eight***

Record income received from tuition transfers for pupils attending grades seven and eight in a junior high school and fixed in accordance with provisions of Education Code sections 5605–5611.

8920 ***Other Tuition***

Record tuition payments received from the following sources:

Interdistrict contracts for general or specific instructional services, including transportation for designated pupils (Education Code sections 10801–10809).

Governing boards or authorities in other states for the total cost of education of elementary or high school pupils whose places of residence are in the other states (Education Code Section 10506). No California state aid is apportioned for such pupils.

Districts for education provided in a tuberculosis or polio ward of a hospital or sanatorium maintained by a county or group of counties (Education Code sections 6851–6854).

Districts for special education of pupils provided by the county superintendent of schools (Education Code Section 885.5).

Districts and offices of county superintendents of schools for tuition received for the instruction of nonimmigrant children and children residing in children's institutions and foster homes.

All other tuition payments not identified above.

8930 ***Interfund Transfers***

Record the amount of money involved in each of the following transfers between funds:

To the Child Development Fund and Development Centers for Handicapped Minors Fund from the General Fund (Education Code Section 17201 and California Administrative Code, Title 5, Education, sections 17900–17918).

Between the General Fund and the Special Reserve Fund (Education Code sections 21401–21404).

From any fund of the district to the Public School Building Fund (Education Code Section 19447) or to the State School Building Fund (Education Code Section 19624).

To the General Fund or to the Special Reserve Fund from the Bond Interest and Redemption Fund after all principal and interest payments have been made (Education Code sections 22055 and 22056).

8990 ***Other Incoming Transfers***

Record income received from funds of lapsed or reorganized school districts and any other income from transfers not otherwise classified.

Miscellaneous Funds

Education Code Section 17606 covers "miscellaneous funds" under classifications 8480 (federal), 8580 (federal and state), 8680 (state), 8780 (county), and 8880 (local). Sources of funds classified as miscellaneous under this section are (1) royalties and bonuses; (2) rentals; (3) income from property not subject to tax; and (4) payments in lieu of taxes.

Royalties and Bonuses

Record the total amount of payments of all or a portion of the royalties and bonuses received from the operation of any law under the terms of any agreement. For example, royalties on federal mineral deposits are accounted under 8481, "Miscellaneous Funds" (federal). Classifications by source are as follows:

8481	Federal
8581	Federal and state
8681	State
8781	County
8881	Local

Rentals

Record the amount by which the total of all payments received for the rental of property owned by the county superintendent of schools or by the school district and not on the tax rolls of the county or district exceeds the actual expense of operating and maintaining the property. Classifications by source are as follows:

8482	Federal
8582	Federal and state
8682	State
8782	County
8882	Local

Income from Property Not Subject to Tax

Record the total of all payments received from, or on account of, property of a school district or of a county superintendent of schools or any other property within the district, county, or state that is not being assessed for tax purposes and not being used for school purposes. Classifications by source are as follows:

8483	Federal
8583	Federal and state
8683	State
8783	County
8883	Local

Payments in Lieu of Taxes

Record the total of all payments made in lieu of taxes and received by the county superintendent of schools or school district. Examples are levies on aircraft, baled cotton, or federal housing; head-day tax on livestock; and license fees on trailer coaches. Classifications by source are as follows:

8484	Federal
8584	Federal and state
8684	State

8784	County
8884	Local

Abatement of Income

When part or all of the income of a school district from any source must be returned to the source from which it is received, the transaction should be accounted as an abatement of income. In other words, abatement of income is the cancellation of part or the whole of any specific receipt previously recorded, usually resulting from tax refunds, refunds of money received from state or federal sources, or refunds of monies previously received through error. The accounting for such transactions in this manner keeps both income and expenditures in true perspective and maintains proper balance of the two.

Uniformity in accounting for abatements of income is required to secure comparable fiscal records and reports of school finances. Accuracy in the records requires proper use of a correct accounting procedure for the elimination from the fiscal records of those items representing cancellations of previous fiscal transactions or parts of them.

Accounting Procedure

Payments that represent cancellations or reductions of receipts must be accounted as abatements of income previously recorded by abating such payments to such income account, thereby eliminating any charge to an expenditure account. Such payments must be accounted by abating the income account for the original source during the fiscal year in which the payments are made, irrespective of the fiscal year in which the original receipt was recorded, even though such payments may in some cases exceed the actual income of the fiscal year in which the abatement is made and thus result in negative balances in the accounts, or entries in reports. Abatements of income shall be recorded as they occur and shall not be accumulated until the end of the fiscal year.

Because payments that constitute abatements of income are not expenditures, they are not subject to appropriation control. However, any abatement of income that constitutes a major reduction of income in comparison with estimated income should be recognized as requiring a corresponding reduction in estimated income and reserves, or requiring a reduction in actual appropriations.

The following kinds of transactions shall be accounted as abatements of income:

1. Tax refunds
2. Rental refunds
3. Tuition refunds
   a. To students, parents, or guardians
   b. To other districts on account of overpayments
4. Refunds of income from federal sources
5. Refunds of income from state sources
6. Refunds of other monies received in error

Income

Because it is often difficult to distinguish between receipts that should be treated as abatements of expenditure and those that should be treated as income, a list of income receipts is presented also. The following receipts must be accounted as income (income classifications are shown in parentheses):

1. Tuition (8910, 8920)
   a. Adult education tuition (8920)
2. Fees (8870)
   a. Teachers' and employees' examination fees (8879)
   b. Certificate fees (8879)
   c. Transcript fees (8879)
3. Rentals (8782, 8850, 8882)
   a. Civic Center (all charges) (8782, 8850, 8882)
   b. Classrooms (8782, 8850, 8882)
   c. Easement leases (8782, 8850, 8882)
   d. Houses (8782, 8850, 8882)
   e. Sites (8782, 8850, 8882)
4. Collections for use of swimming pools, tennis courts, and the like (8879)
5. Library fines (8890)
6. Receipts from sale of junk or salvage material no longer needed (8842)
7. Contributions and gifts (8890)
8. Receipts from sale of courses of study, printed forms, and the like (8845)
9. Amounts received from forfeitures of surety or indemnity bonds because of noncompliance with contracts (8890)
10. Interest on deposits and investments (8860)

11. Outlawed warrants and other warrants cancelled in a fiscal year subsequent to the year of expenditure (8890)
12. Receipts from sale of land and buildings (except that receipts from the sale either of a portion of a new site or of buildings or improvements thereon shall be accounted as abatements of expenditure) (8843)
13. Receipts from teacher-training institutions for practice teaching services (8890)

Accounting for Certain Apportionments (Loans)

Certain apportionments that the State of California currently authorizes to be made to districts from the State General Fund are loans and do not constitute grants or subventions. Because such apportionments are nonrevenue receipts, which increase a district's liabilities, they should not be accounted for as income. These apportionments are advances made to eligible districts for the following purposes:

1. To defray expenses incident to the initiation of a program for mentally gifted minors, including the identification of such minors (Education Code sections 6421–6434)
2. To aid in the establishment of (a) special training schools or classes for the education of mentally retarded minors who come within the provisions of Education Code Section 6903; or (b) special schools, classes, or integrated programs for which a qualified special teacher is provided for educating physically handicapped minors who come within the provisions of Education Code sections 6801 and 6802 (Education Code sections 6914–6919)
3. To aid a newly formed community college district whose boundaries include a high school district or a unified district that previously maintained a day community college (Education Code sections 17451–17456)
4. To provide emergency apportionments (loans) to school districts as provided by Education Code sections 17325–17329

When such an apportionment has been made by the Superintendent of Public Instruction, a state warrant is issued by the State Treasurer for the entire amount. The law specifies that the county treasurer receiving such a warrant shall deposit it to the credit of the General Fund of the district designated in the apportionment. The district records should reflect the receipt of the credit.

Example:

Date	*Accounts*	*Debit*	*Credit*
4-10-71	Cash in County Treasury	$5,360	
	Account Payable, State (Long-Term Debt)		$5,360

To record credit received for a loan from the State General Fund to finance the establishment of the new classes for the mentally retarded ($2,680 payable during 1971-72 and $2,680 payable during 1972-73)

The repayment of the loan will be automatically accomplished by the withholding of half of the amount from regular apportionments being credited to the district during each of the next two fiscal years. The practice of the State Controller is to make the withholdings over a period of four months–February, March, April, and May. Accordingly, during each of those months (in 1973 in the above example), one-eighth of the total loan will be subtracted from the amounts otherwise due the district from the State School Fund in accordance with regular apportionment calculations. This means that the credit to the district funds announced by the county superintendent will be smaller by the same amount than the announcements by the State Superintendent of Public Instruction would indicate. District records must reflect this transaction in each of the months named in each of the two years following the year of the loan so that the liability will be properly cleared and the proper State School Fund apportionments credited. In the above example of a loan, the entry to be made by the district and repeated seven times in the respective months is as follows:

Date	*Accounts*	*Debit*	*Credit*
2-20-72	Account Payable, State	$670	
	State Basic and Equalization Aid		$670

To record the withholding by the state of one-eighth of the amount of the long-term loan received 4-10-71

Any statement of financial condition prepared from the district records during or at the close of the fiscal year will show, if the foregoing procedures are used, the proper amount of liability to the state. This accounting procedure is indicated by the instructions that accompany the Annual Report of Current Liabilities, Form J-43. The proper recording by the district of amounts withheld by the state is also included in the specific audit instructions to accountants conducting annual audits.

The repayment of a loan under Education Code sections 17325–17329 is done in the same manner, *except* that the principal repayment must be accomplished over not more than a *three-year* period (Education Code Section 17328).

The interest and principal payment due annually on this emergency loan will be withheld from the school district's regular apportionments. However, the district must record the amount due for interest as a current expenditure under expenditure classification 5800, ***Other Services and Expense for Administrative Districtwide Operation***.

Part III

Expenditures

The Education Code limits school district expenditures to the amounts appropriated for the several major expenditure classes by the adoption and approval of the school district budget or by subsequent intrabudget transfer. Because of this budget or appropriation control of expenditures, the budget and all documents dealing with appropriations must be prepared according to the same classification plan as that employed in the accounting of expenditures. Similarly, financial reports for local use as well as those prepared for county, state, or federal use should follow the same classification plan in order that their reliability for comparative purposes is not impaired.

A basic classification by object is the most suitable instrument for the classification of expenditures within a specified "program." Object classifications are for the most part self-explanatory, such as "teachers' salaries" or "custodians' salaries." The purpose or "function" that the employee serves is covered by the program designation. The numbering system used is adaptable for use with manual systems and with data processing equipment. The system is designed to be used either in its minimum required form or in expanded form to allow for as many subaccounts as desired.

County auditors and county superintendents of schools who maintain detailed records of the financial transactions of school districts for budget control of expenditures or for any other purpose are requested to use this manual as a guide.

Districts should identify the origin of each school district expenditure by designating the appropriate program and object classifications on the orders or requisitions, commonly called warrants or warrant registers. The officials of the school district who have direct knowledge of the nature and purpose of each expenditure should make decisions regarding the object classifications to be used for each expenditure at the time that commitments are made. The account or accounts to be charged should be selected when goods or services are ordered or when certificated or classified employees are assigned or reassigned.

Insofar as it is feasible, notices of employment, copies of contracts, and other school district documents relating to expenditures or to commitments that will become expenditures should bear the designation of the object for review and approval of county superintendents of schools. This procedure permits any questions concerning the classification of expenditures to be settled promptly. One decision regarding object classifications can thus serve for the several disbursements to be made at future dates, such as monthly salary payments. Furthermore, this procedure is necessary if the encumbrance plan of accounting is employed by either the school district or the county superintendent of schools.

Whether or not object classifications are shown on commitment documents, such as notices of employment and copies of contracts, all school district orders should show the object classifications applicable to such disbursement. A part of the examination and approval of such orders by the county superintendent of schools should consist of making sure that the object classifications are correctly designated. County superintendents of schools should serve as coordinating officers to ensure that all school district officials understand and apply uniformly the definitions and instructions contained in this manual. Where necessary, county superintendents should consult school district officials regarding each seemingly incorrect designation of the expenditure classification and advise the school district of any changes made by the office of the county superintendent.

County superintendents of schools, when drawing requisitions on the funds of school districts in those relatively infrequent instances in which they are authorized or required by law to initiate the disbursements, should designate the object classifications applying to such payments and inform the district of the date, payee, purpose, amount, and object classifications of each requisition so drawn. County superintendents should also notify the school district of the date, purpose, amount, and object classifications of any amount withdrawn from the funds of the school district other than by district order or county superintendent's requisition and of the amounts withheld from apportionments of state funds that are to be treated as expenditures, such as the amount withheld for district contributions to retirement funds.

The object classifications should be designated on every warrant or warrant register so that county superintendents of schools may maintain the accounting records of expenditures[1] necessary for budget control of expenditures and for annual report purposes.

The instructions in this part of the manual are applicable to the budgeting, accounting, and reporting of the General Fund and of all special funds of every school district. The designation of the object classifications applicable to any particular expenditure shall not be understood to mean that such expenditure represents an expenditure of the General Fund or of any particular special fund. The selection of the fund for any particular expenditure must be made in accordance with the provisions of law; and if two or more funds may legally be employed, the determination of a particular fund must be made by action of the governing board of the school district or of its administrators.

The instructions in this part of the manual provide for the uniform identification and classification of all expenditures of school districts and in the County School Service Fund fiscal operations. They should be employed in the day-by-day accounting of expenditures during a fiscal year, in the preparation of the budgets of the County School Service Fund and school districts prior to, or at the beginning of, the fiscal year, and in the preparation of periodic financial reports, including annual financial reports at or after the close of the fiscal year. They should be used as guides in the accounting of the district expenditures by all officials of a district who have fiscal responsibilities and by county superintendents of schools and members of their staffs.

The school district budget form prescribed by the Superintendent of Public Instruction and the annual financial report form furnished by the Superintendent of Public Instruction for the reporting by county superintendents of schools for school districts contemplate the use of the accrual basis for the accounting of expenditures and a partial accrual basis for the accounting of income of the funds of school districts except for the Bond Interest and Redemption Fund. The accounting and reporting of school district Bond Interest and Redemption Funds either on the cash basis or the accrual basis, as determined by each county auditor, is acceptable to the Superintendent of Public Instruction.

GENERAL INSTRUCTIONS

School districts are required to report expenditures according to the object classification plan presented in this part of the manual.

Objects of expenditure represent all the things, whether goods or services, that may be purchased by a school district. Examples are salaries, supplies, and equipment.

Objects of expenditure may be classified in many different ways. They may be grouped under summary headings, or they may be presented in great detail. Grouping under summary headings reduces volume—at the expense of clarity. Greater detail improves understanding but is costly to produce. In actual practice, considerable detail is used in developing budgets and recording expenditures; then, for reporting purposes, this detail is summarized under more general classification headings.

All objects of expenditures listed in Part III, Expenditures, must be maintained by all school districts and county superintendents of schools in their day-to-day accounting of expenditures during a fiscal year. The use of these objects will facilitate the preparation of budgets and the various financial reports requested by federal, state, county, and local agencies.

---

[1] County superintendents of schools are required to maintain controls of school district expenditures by objects under the provisions of Education Code sections 17202 and 20951.

Minimum budgetary control of school districts' accounts by offices of county superintendents of schools must be maintained on the following object of expenditure classifications:

1000	Certificated Salaries
2000	Classified Salaries
3000	Employee Benefits
4000	Books, Supplies, and Equipment Replacement
5000	Contracted Services and Other Expenses
6000	Capital Outlay
7000	Other Outgo
7900	Appropriation for Contingencies

SECTION A

Objects of Expenditure Classifications, Their Content, and Instructions Regarding Their Use

1000 Certificated Salaries

1100 *Teachers' Salaries*

Record the full-time salaries and prorated portions of salaries for all certificated personnel employed for the direct instruction of pupils, including the salaries for teachers of special classes, teachers of exceptional children, teachers of physically handicapped and mentally retarded minors, substitute teachers, and instructional television teachers.

The separate recording of teachers' salaries, as required by Education Code Section 17200 initially, should be accomplished on the basis of the assignment given the certificated employee and then refined by periodically scheduled time studies.

The following comments, interpretations, and definitions are included to guide school officials in determining whether the total salary, or a portion of the salary, should be charged to classification 1100, *Teachers' Salaries.*

The total salary is recorded in classification 1100, *Teachers' Salaries*, under the following conditions:

A certificated employee of a school district is considered a full-time classroom teacher if his full-time duties include classroom teaching for at least one instructional period for each day he is employed to teach, and he is assigned no duties other than those that are connected with, or are extensions of, classroom teaching. Such activities include, but are not limited to, the following:

1. Preparation for, and evaluation of, classroom work.
2. Extracurricular activities that arise out of classroom work and are an extension of it.
3. Management and instruction in a study hall.
4. Duties that are ordinarily assigned to certificated personnel in connection with the custody and control of pupils at recess, lunch time, after school, or at other times.
5. Intermittent duties assigned individually or in connection with committee work, inservice training, or institutes under the leadership and direction of a person who is not a full-time classroom teacher. Such duties have as their purpose the evaluation or improvement of the educational program in the school district.

The salary must be prorated under the following conditions:

If a certificated employee teaches at least one instructional period each day he is employed to teach and is also assigned other duties neither in connection with, nor extensions of, classroom teaching, his salary must be prorated and recorded in classification 1100, *Teachers' Salaries*, and in the other classifications that provide for recording the expenditures for the other assignment. The amount recorded in classification 1100, *Teachers' Salaries*, is the product of the employee's complete salary and the fraction of the full-time school day of the employee spent as a classroom teacher in the performance of the duties that are in connection with, or an extension of, classroom teaching, as explained under the definition of a full-time teacher. The remaining portion is then charged to the classification in which expenditures for the other assignment are recorded. It should be understood that some of the other assignments may pertain to work outside the field of teaching, and if a teacher performs such assignments, it will be necessary to prorate a portion of the salary to subordinate classifications other than 1100, *Teachers' Salaries.*

The term *other assignments* includes, but is not limited to, assignments usually and specifically assigned to certificated persons employed in the following types of positions:

1. General supervisors, coordinators, directors, specialists, consultants, supervisors of special subjects or grades, and certificated assistants
2. Principals, vice-principals, assistant principals, deans, and assistant deans in individual schools
3. Librarians, assistant librarians, audiovisual personnel, counselors, nurses, psychologists, psychometrists, audiometrists, and guidance and attendance personnel

The term *other assignments* also includes, but is not limited to, assignments usually and specifically assigned to persons in the classified service employed as school bus driver, custodian, secretary to the governing board, and supervisor in transportation.

1200 *School Administrators' Salaries*

Record the full-time salaries and prorated portions of salaries of principals, vice-principals, administrative deans in individual schools, and other such personnel performing similar duties.

1300 *Supervisors' Salaries*

Record the full-time salaries and prorated portions of salaries for certificated personnel engaged in the supervision of instruction, including general supervisors, coordinators, directors, consultants, and supervisors of special subjects or grades, and their certificated assistants.

NOTE: The term *supervision* is used to designate those activities having as their purpose the actual improvement of instruction under the direction of supervisors and assistants. Such activities include (1) personal conferences with teachers on instructional problems; (2) classroom visitation; (3) group conferences with teachers; and (4) demonstration teaching.

1400 *Librarians' Salaries*

Record the full-time salaries and prorated portions of salaries of all certificated personnel performing services of a librarian.

1500 *Guidance, Welfare, and Attendance Salaries*

Record the full-time salaries and prorated portions of salaries of social workers and all certificated personnel doing pupil personnel work; psychologists and psychometrists; and counselors.

1600 *Physical and Mental Health Salaries*

Record the full-time, part-time, and prorated portions of salaries for health services rendered by physicians, oculists, dentists, dental hygienists, nurses, optometrists, school audiometrists, psychiatrists, otologists, chiropodists, and such other personnel as are authorized in the field of physical and mental health and who are on the payroll of the school district.

Expenditures for health services by such personnel not on the payroll of the school district are recorded in classification 5100, *Contracts for Personal Services of Consultants, Lecturers, and Others.*

1700 *Superintendents' Salaries*

Record full-time, part-time, and prorated portions of salaries of superintendents and of deputy, associate, area, and assistant superintendents in districts and offices of county superintendents of schools.

1800 *Other Certificated Salaries of District and County Administrative Offices*

Record full-time, part-time, and prorated portions of salaries of administrative assistants and directors of administration activities.

1900 *Other Certificated Salaries*

Record full-time, part-time, and prorated portions of salaries for all certificated personnel that do not fall within one of the above categories.

Salaries paid to an employee on leave of absence shall continue to be charged in the same manner and to the same account classification as was applicable while the employee was in active service for the district.

2000 Classified Salaries

2100 *Instructional Aides for Direct Teaching Assistance*

Record total salaries paid to instructional aides, any portion of whose duties are required to be performed under the supervision of a classroom teacher. [Education Code Section 17200 (c)]

2200 *Classified Salaries of County Superintendents' Offices and District Administrative Personnel*

Include governing board members and record full-time, part-time, and prorated portion of salaries of supervisory personnel who are business managers, controllers, directors, chief accountants, supervisors, purchasing agents, assistant superintendents, and superintendents.

2300 *Clerical and Other Office Salaries*

Record full-time, part-time, and prorated portion of salaries paid to clerks, secretaries, accountants, bookkeepers, machine and computer operators, and switchboard operators under the appropriate program(s) for which they serve.

2400 *Maintenance and Operation Salaries*

Record full-time, part-time, and prorated portion of salaries paid to personnel who maintain and repair: custodians, custodian helpers, matrons, general utility men, firemen, dairymen, watchmen, elevator operators, gardeners, and other personnel who sweep, clean, polish, mop, care for buildings, livestock, and grounds, operate the heating and ventilating systems, and perform any other general housekeeping duties; and warehousemen, deliverymen, truck drivers, and other personnel involved in the operation of the stores system.

2500 *Food Service Salaries*

Record full-time, part-time, and prorated portion of salaries of nutritionists, cooks, helpers, and all other food service personnel except those engaged in the management of the food services program.

2600 *Transportation Salaries*

Record the full-time, part-time, and prorated portion of salaries paid to bus drivers, mechanics, field coordinators, gasoline pump attendants, and all other personnel with assignments related to the transportation of students.

2900 *Other Classified Salaries*

Record full-time, part-time, and prorated portion of salaries not identifiable with object classifications 2100 through 2600, such as noon supervision personnel.

3000 Employee Benefits

Record all expenditures for employers' contributions to retirement plans and for health and welfare benefits for employees or their dependents, retired employees, and board members.

3100 *State Teachers' Retirement System Annuity Fund*

3200 *Public Employees' Retirement Fund*

3300 *Old Age, Survivors, Disability, and Health Insurance*

3400 *Health and Welfare Benefits*

3410 *Health and Welfare Benefits for Teachers and Instructional Aides*

3420 *Health and Welfare Benefits for All Other Employees*

3500 *State Unemployment Insurance*

3510 *Unemployment Insurance for Instructional Aides*

3520 *Unemployment Insurance for All Other Employees*

3600 *Workmen's Compensation Insurance*

3900 *Other Benefits*

4000 Books, Supplies, and Equipment Replacement

4100 *Textbooks* (In accordance with state requirements)

Record the total amount expended each year on supplementary textbooks or basic textbooks. Definitions to be employed in classifying the expenditures follow:

Elementary

For elementary school, including grades seven and eight of junior high school, "state textbooks," as defined in the California Administrative Code, Title 5, Education, Section 9500, are those textbooks adopted by the State Board of Education for use in elementary schools and listed as "basic textbooks" and "supplementary textbooks" on the form provided by the State Department of Education for requisitioning such free textbooks.

A "basic textbook" is a volume intended for use by pupils as a basic source of study material for the completion of a subject or course. In style, organization, and content it should meet the basic requirements of the subject course for which it is intended.

A "supplementary textbook" is one covering part or all of a subject or course that is not intended for use as a basic textbook, but is intended to supply information in addition to, or in extension of, that in the regular or basic textbook. The governing board may purchase and adopt supplementary textbooks in addition to those free textbooks supplied to the district. "Supplementary textbooks" shall be distinguished from reference or library books by the fact that they are supplied in quantities permitting use by a group or the entire class.

"Teachers' manuals" and "teacher editions" relate to the specific basic or supplementary textbook intended for teachers' use rather than pupils' use. Record expenditures for teachers' manuals and teacher editions also in classification 4100, ***Textbooks.***

High School

For high school, grades nine through twelve, "regular textbooks," as defined in the California Administrative Code, Title 5, Education, Section 9582(a), that are adopted for use as high school textbooks by the governing board of the district under the provisions of Education Code Section 10001, shall be recorded in classification 4100, ***Textbooks.***

Education Code Section 10001 provides that only textbooks published by publishers who have filed a bond with the State Board of Education may be adopted by the governing board of a school district for use as textbooks in the schools of the district. School officials should distinguish textbooks on the basis of adoptions made by the governing board of the district.

Record expenditures for teachers' manuals and teacher editions relating to such textbooks also in classification 4100, ***Textbooks.***

4200 *Other Books*

In accordance with state requirements, library books are included.

Record expenditures for (1) books that have not been adopted by the proper authority for use as textbooks; (2) books such as reference books that are available for general use by students even though such books may be used solely in the classroom; and (3) all other books used for reference purposes furnished in quantities too small for group use.

NOTES: Expenditures for periodicals, magazines, workbooks, text materials, drill books or exercise pads, and Department of Education bulletins and the like are not included, but should be recorded in classification 4300, ***Instructional Supplies.***

The cost of school library books for a new school library or for material expansion shall be recorded in classification 6300, ***Books and Media for New School Libraries or Major Expansion of School Libraries.***

4300 *Instructional Supplies*

Record expenditures, including those for freight and cartage, for all supplies to be used by pupils, teachers, and other personnel in connection with the instructional program.

Include all tests, periodicals, magazines, workbooks, and any other supplies used in the classroom. Exclude any items of equipment as defined in Part IV.

4400 *Instructional Media Materials and Supplies*

Record expenditures (including those for freight and cartage) for all materials and supplies, as defined for classifications 4410 and 4420 following, for use in the library and audiovisual programs. Exclude from this category equipment as defined in Part IV of this manual.

4410 *Instructional Media Materials*

"Instructional media materials" means those printed and published instructional materials that are suitable for use by, and are to be used by, children and teachers in elementary and secondary schools and in library and audiovisual programs and that with reasonable care and use may be expected to last more than one year. The term includes such items as periodicals, documents, pamphlets, photographs, reproductions, pictorial or graphic works, musical scores, maps, charts, globes, sound recordings (including but not limited to those on discs and tapes), processed slides, transparencies, films, filmstrips, kinescopes and videotapes, processed microfilm, models, realia, or any other printed and published or audiovisual materials of similar nature made by any method developed.

4420 *Instructional Media Supplies*

"Instructional media supplies" means those supplies necessary for the cataloging, processing, storage, and retrieval functions of the instructional media program. Supplies include, but are not limited to, blank magnetic audio tape and videotape, unprocessed photographic film, unprocessed transparency film and transparency production supplies, and other supplies necessary for book and audiovisual cataloging and processing. This term does not include furniture and equipment necessary for the media program.

4500 *Other Supplies*

Record expenditures for custodial, gardening, maintenance, and other supplies for operation, repair, and upkeep of equipment, buildings and grounds, and vehicles; and school lunch, medical, and office supplies and so forth.

4600 *Pupil Transportation Supplies*

4700 *Food Services*

Record expenditures for all food used in a particular program.

4710 *Food*

4720 *Meals for Needy Pupils*

4790 *Other Food Services*

4800 *Equipment Replacements*

Record expenditures for articles of equipment, as defined in Part IV, that are replaced on a piece-for-piece basis.

5000 Contracted Services and Other Operating Expenses

5100 *Contracts for Personal Services of Consultants, Lecturers, and Others for Direct Assistance to Teachers, Pupils, or the Curriculum or Health Program*

Include Western Association of Schools and Colleges (WASC) reports and testing services. Record contracts for services provided by the county superintendent of schools, other school districts, or private enterprise.

5200 *Travel and Conference and Other Expense Reimbursed*

Record expenditures for travel and conferences and miscellaneous employee reimbursements.

5300 *Dues and Memberships*

Record the membership fee of any district or school in any society, association, or organization as authorized by Education Code Section 1071.

Record the membership fee of the governing board in any organization as authorized by Education Code Section 1071.

5400 *Insurance*

5410 *Fire and Theft*

Record expenditures for all forms of insurance covering the loss of, or damage to, property of the school district from fire, theft, storm, or any other cause. Also record here costs for appraisals of property for insurance purposes.

5420 *Liability Insurance*

Record expenditures for insurance coverage of the district, its officers, and employees against losses resulting from property damage or public liability.

5430 *Fidelity Bond Premiums*

Record expenditures for any bonds guaranteeing the school district against losses resulting from the action of its employees.

5440 *Pupil Insurance*

Record expenditures for accidental death insurance and medical and hospital insurance for pupils.

5500 *Utilities and Housekeeping Services*

Record expenditures for water, fuel, light, power, telephone, waste disposal, laundry and drycleaning, and so forth. Include contracts for these services.

5600 *Contracts, Rents, and Leases*

Record payments for rentals for, or leasing of, land, playground sites, athletic fields, equipment, buildings and contracts for transportation, maintenance and housekeeping services, cafeteria services, and other services not otherwise designated. No payments, including interest, if any, related to leases with option to purchase shall be included for state reimbursement purposes.

5700 *Legal, Election, and Audit Expenses*

Record assessments, judgments, lawyers' fees, election costs, advertisements of bond sales, and soforth.

5800 *Other Services and Expense for Administrative Districtwide Operation*

Record expenses for surveys, appraisals, and costs and interest on short-term loans of less than five years.

NOTE: Appraisals in connection with site purchases should be charged to object classification 6100, ***Sites and Improvement of Sites.***

5900 *Interprogram Charges and Credits for Direct Services*

Record interprogram charges and credits for direct services or materials, equipment, and so forth.

6000 Sites, Buildings, Books and Media, and New Equipment

6100 *Sites and Improvement of Sites*

Record expenditures for each of the following:

Acquisition of land and additions to old sites and adjacent ways. Include incidental expenditures in connection with the acquisition of sites, such as appraisal fees, search and title insurance, surveys, and condemnation proceedings and fees. If a site is not purchased after the appraisal or survey, record the expenditure in classification 5800, ***Other Services and Expense for Administrative Districtwide Operation.*** Include demolition costs for removal of old buildings on newly acquired sites.

Improvement of new and old sites and adjacent ways. Include such work as grading, landscaping, seeding, and planting shrubs and trees; constructing new sidewalks, roadways, retaining walls, sewers, and storm drains; installing hydrants; treating soil and surfacing athletic fields and tennis courts for the first time; furnishing and installing, for the first time, fixed playground apparatus, flagpoles, gateways, fences, and underground storage tanks that are not parts of building service systems; and doing demolition work in connection with improvement of sites.

Payment of special assessments. Include assessments against the school district for capital improvements such as streets, curbs, sewers, drains, and pedestrian tunnels whether on or off school property.

6200 *Buildings and Improvement of Buildings*

Record costs of construction or purchase of new buildings and additions and replacement of obsolete buildings, including advertising; architectural and engineering fees; blueprinting; inspection service (departmental or contract); tests and examinations; demolition work in connection with construction of new buildings; installation of plumbing; installation of electrical, sprinkling, or warning devices; installation of heating and ventilating fixtures, attachments, and built-in fixtures; and other expenditures directly related to the construction or acquisition of buildings.

6300 *Books and Media for New School Libraries or Major Expansion of School Libraries*

6310 *Library Books*

6320 *Library Materials*

Refer to object classification 4410 for definition of instructional media materials.

6400 *Equipment*

Record expenditures for initial and additional items of equipment, such as furniture, vehicles, machinery, and furnishings that are not integral parts of the building or building service system. Equipment is defined in Part IV of this manual. Piece-for-piece replacements of equipment are reported in classification 4800, ***Equipment Replacements.*** Initial additional built-in fixtures that are an integral part of the building or building service system are reported in classification 6200, ***Buildings and Improvement of Buildings.***

6410 *Audiovisual Equipment*

6420 *Library Equipment*

6430 *Food Service Equipment*

6490 *All Other Equipment*

7000 **Other Outgo**

7100 *Debt Service*

Debt service consists of expenditures for the retirement of debt and for interest on debt, except principal and interest on current loans (money borrowed and repaid during the same fiscal year).

7110 *Annual Repayment on Account of Public School Building Apportionment*

7120 *Annual Repayment on Account of State School Building Apportionment*

7130 *Bond Redemption*

7140 *Bond Interest and Other Service Charges*

Record expenditures for bond interest and bond and coupon service fees.

7150 *Repayment of State School Building Fund Aid by Warrant to the State Treasurer Out of Proceeds from Sales of Bonds* (Education Code Section 19590)

7160 *Payments to Original District for Acquisition of Property*

Record expenditures to cover the liability of a "new school district" to the original district for its proportionate share of the bonded indebtedness of the original district (Education Code Section 1905).

7190 *Other Payments*

7200 *Outgoing Tuition*

7210 *Tuition for Junior High School (Grades Seven and Eight)* (Education Code sections 5605–5611)

7220 *Tuition for Instruction Under Interdistrict Attendance Agreements*

Record tuition under interdistrict attendance agreements for general or specific instructional services, including transportation, for designated pupils (Education Code sections 10801–10809).

7230 *Tuition for Instruction Provided in a Tuberculosis or Polio Ward*

Record tuition for education provided in a tuberculosis or polio ward, hospital, or sanatorium maintained by a county or group of counties (Education Code sections 6851–6855).

7240 *Tuition and Transportation of Children Attending Classes for Handicapped*

Record tuition and transportation costs of children attending classes for physically handicapped (Education Code sections 894 and 6806); educationally handicapped (Education Code Section 6751); multiply handicapped (Education Code Section 6871); and mentally retarded (Education Code sections 895, 6904, and 6910) maintained by a county superintendent of schools or by other school districts.

7250 *Tuition for Regional Occupational Centers or Programs (Current Expense)*

Record tuition paid for current expense only, to regional occupational centers or programs operated by other school districts, county superintendents of schools, and regional occupational centers operated under a joint powers agreement.

7260 *Tuition for Regional Occupational Centers or Programs (Capital Outlay)*

Record tuition paid for capital outlay expense only, to regional occupational centers or programs operated by other school districts, county superintendents of schools, and regional occupational centers operated under a joint powers agreement.

7270 *Tuition for Nonimmigrant Children, Noncitizen Children, and Children Residing in Foster Homes and Children's Institutions* (Education Code sections 6950–6957)

7280 *Tuition for Exceptional Children*

Record tuition paid for the education of exceptional children for whom no appropriate special education facilities and services are available or can be provided (Education Code sections 6870–6874.6).

7290 *Other Tuition*

Exceptions

Interdistrict payments for specific services such as health, administration, and instruction provided by one school district for another or for the transportation of pupils to the schools of the district making the payment should be charged to the appropriate object expenditure classification applicable to such service.

When such an interdistrict payment is received, it must be accounted for and recorded on any financial reports as a reduction of the expense for such services. The gross amount expended, the amount recovered by payments from one or more other districts, and the net amount of expense are desirable for local financial cost studies, and costs should be available for state reports if requested.

7300 *Interfund Transfers*

Record the following transfers:

7310 *From the General Fund to the Children's Center Fund and the Development Centers for Handicapped Minors Fund* (Education Code Section 17201 and California Administrative Code, Title 5, Education, sections 17900 and 18100)

7320 *Between the General Fund and the Special Reserve Fund* (Education Code sections 21401–21404)

7330 *To the Public School Building Fund or to the State School Building Fund from All Other Funds of the District* (Education Code sections 19447 and 19624)

Record transfers of any monies of the district that are required to be expended for the project for which such apportionment was made.

7340 *From the Bond Interest and Redemption Fund to the General Fund*

Record transfers of monies from the Bond Interest and Redemption Fund, after all principal and interest payments have been made, to the General Fund or to the Special Reserve Fund (Education Code sections 22055-22056).

7390 *Other Authorized Interfund Transfers*

7400 *Other Transfers*

7410 *From Funds of a Lapsed or Reorganized School District to Another School District* (Education Code Section 2705)

7420 *To the County School Service Fund for the Education of Mentally Retarded Minors*

Record transfers in school districts with less than 901 units of average daily attendance in the elementary schools of the district (Education Code Section 895). The funds are raised by a special tax and transferred by the county auditor.

7900 *Appropriation for Contingencies* (formerly Undistributed Reserve)

Appropriation for contingencies is that portion of the current fiscal year's appropriation that is not designated for any specific purpose but is held subject to the intrabudget transfer; that is, transfer to other specific appropriations as needed during the fiscal year. No expenditure shall ever be recorded under this classification; it is an appropriation classification only.

SECTION B

Direct and Indirect Cost Distribution

Distribution of direct and indirect costs to instructional and support programs provides the means for assessing the fiscal impact of operating those programs. This kind of cost identification is critical to the development of a meaningful management information system.

Allocation of direct costs and distribution of direct support charges and indirect charges are presented herein for determination of total program costs.

Direct Costs

Direct costs constitute all costs of the district in actual dollars. All direct costs charged to programs are classified as objects of expenditure. These objects of expenditure are discussed in detail in Part III, Section A.

Direct costs should be charged to the program most clearly identified with the purpose for the cost. Examples of costs easily identified with a particular program are teachers' salaries, bus drivers' salaries, textbooks, gasoline, and tires.

Other direct costs such as fringe benefits, substitute teachers' salaries, and miscellaneous instructional supplies–that are not so easily related to specific programs–may be charged to holding (suspense) accounts for subsequent reallocation to using programs.

Direct Cost Prorations

Direct cost prorations may be defined as the assignment or distribution of costs to programs in proportion to the benefits such expenditures provide in accordance with a formula or other equitable procedure. Two kinds of direct costs require proration: those charged to a holding account for subsequent reallocation and those split between two or more programs at the time of initial recording of the costs.

Holding Accounts

The holding account is a suspense account, which holds the costs temporarily until they are assigned to the appropriate using program. Direct costs such as fringe benefits, substitute teachers' salaries, or miscellaneous instructional supplies are difficult to assign directly because they are lump sum payments. The use of holding accounts facilitates timeliness of detail accounting processes and allows for clear determination of the appropriate placement of charges.

Fringe benefits. It is recommended that the holding account for fringe benefits be located in General Support. For example, the personnel program might be used for holding purposes. The proper object of expenditure should be used with the initial charge to the holding account, as in the following example:

	Detailed expense code			Amount	
Description	Site	Object	Program	Debit	Credit
STRS Annuity Fund Expense (Holding)	500	3100	XXX	$20,000	
Cash in County Treasury	500	9100	XXX		$20,000
Instructional Program Fringe Benefit Expense	181	3100	XXX	2,500	
STRS Annuity Fund Expense (Holding)	500	3100	XXX		2,500

NOTE: The two entries represent (a) the initial recording of a State Teachers' Retirement System Annuity Fund disbursement in its proper object and holding account; and (b) the subsequent proration of a share of the State Teachers Retirement System Annuity Fund from the holding account to an instructional program. For purposes of making this fringe benefit expense allocation, factors may be established in the payroll system representing amounts per certificated employee and amounts per classified employee, respectively.

Subsiitute teacher salaries. The method of allocating the costs of short- and long-term substitute teachers should be based upon the number of certificated teaching personnel eligible for substitutes. Since substitutes may be considered a fringe benefit of the teacher and a normal cost of all programs, both long- and short-term substitutes may be charged to all programs on a pro rata basis.

The total cost of substitutes may be divided by the number of eligible certificated teaching personnel and allocated to the programs in proportion to the number of eligible certificated teachers in the program. Collecting these costs by site may be preferred so that the proration is relative to experience at each site. The proration should be made monthly from a holding account in General Support.

Miscellaneous instructional supplies. Miscellaneous instructional supplies should be allocated to instructional programs on the basis of the ratio of each program's enrollment to the total accumulated enrollment of all instructional programs. Expenditures for instructional supplies that are not identifiable with specific programs should be charged to a holding account in Instructional Media and then prorated to the programs monthly.

Two or More Programs

Salaries of personnel working in two or more programs must be prorated on the basis of time spent in each program. Equipment and services that are utilized by more than one program must be prorated on the basis of equipment usage and the percent of service provided to each program.

Direct Support Charges

Direct support charges constitute a reallocation of portions of the direct costs accumulated in support programs for services rendered directly to other programs. The following criteria may be applied to identify a charge as direct support:

1. The administrator of the using program usually has some control over, or responsibility for, the costs of services.
2. The costs of services in question would no longer be necessary if the using program were discontinued.

One example of a direct support charge is the cost for a field trip charged to an instructional program by the transportation program–a service rendered to an instructional program that was specifically requested, beyond the normal home-to-school transportation services that are provided to students.

Another example would be a fee paid to a nurse or psychologist rendering specific services, such as a guest lecturer to an instructional program.

Direct costs of support programs may also be charged to other support programs as direct support charges. For example, if the Instructional Media program requests maintenance on its equipment, the cost of the time and material will be shown initially as a direct cost of the Maintenance program but will subsequently be distributed as a direct support charge to the Instructional Media program.

Auxiliary programs such as Food Services may distribute direct support charges to other programs. For example, the direct costs of special preschool meals will initially be charged to the Food Service program and subsequently will be distributed as a direct support charge to the Preschool program.

The charges for a support program's services that directly benefit other programs, such as transportation services provided to an instructional program for a field trip, should be charged to the using instructional program in much the same manner that an outside firm charges for its services. The charge is actually a transfer of costs and may be accumulated and charged via a work order system. A work order system (or service order system) is a method of ordering and accounting for services provided. The work order provides for the costing of time and materials necessary to complete the job requested.

After allocation of support program charges, the cost of a support program will appear as total direct costs plus direct support costs from other programs, less direct support charges to other programs. The cost of an instructional program will appear as total direct costs plus direct support charges.

Direct support program charges should be distributed but they should be shown separately and as an addition (debit) to the programs they *directly* support. As direct support program charges are added to other programs, a like amount will be subtracted from (credited to) the support programs from which the charges were distributed (see Figure III-1).

Figure III-2 illustrates costs allocated from a support program (Transportation) to an instructional program (Program A) for services (field trips).

Section A of Figure III-2 shows the direct costs of the program's activities.

Section B reflects the charges of direct services provided by support programs. In the figure, the costs of field trips provided for Program A are credited to the Transportation program and subsequently charged to Program A.

The allocation of indirect support costs is necessary for programs that receive state or federal categorical aid. Section C shows the remaining

	Direct costs[a] 1	Direct support charges 2	Net total direct costs 3
Instructional Program			
Program A	$ 44,000	$12,100[b]	$ 56,100
Program B	53,000	13,000[c]	66,000
Program C	24,000	16,000[d]	40,000
Physically Handicapped	15,000	8,000[e]	23,000
Instructional Support			
Special Projects:			
Neighborhood Youth Corps	18,000		18,000
Miller-Unruh Reading Program	22,000	(16,000)[d]	6,000
General Support			
Transportation	58,000	(21,000)[c,e]	37,000
Operations	75,000	(12,100)[b]	62,900
Total	$309,000	0	$309,000

[a] Salaries, supplies, equipment, fringe benefits, and so forth.

[b] Care of football field required new sodding at $7,500; laundry and repair of athletic uniforms required $4,600. An interprogram charge, object classification 5900, is used for Operations, crediting Operations $12,100 and debiting Program A $12,100.

[c] Field trips for Program B covered 26,000 miles at $0.50 per mile, or $13,000. An interprogram charge, object classification 5900, is used for Transportation, crediting Transportation $13,000 and debiting Program B $13,000.

[d] Instructional costs for the Miller-Unruh program (teachers' salaries, instructional supplies, and so forth) amounted to $16,000. An interprogram charge, object classification 5900, is used for the Miller-Unruh program, crediting the Miller-Unruh program $16,000 and debiting Program C $16,000.

[e] Special transportation for physically handicapped pupils amounted to $8,000. An interprogram charge, object classification 5900, is used for Transportation, crediting Transportation $8,000 and debiting the Physically Handicapped program $8,000.

Figure III-1. Illustration of a Direct Support Charge Allocation

costs of support program activities that may be allocated to instructional programs on a pro rata basis. As can be seen, all the remaining costs of the Transportation program are allocated in Section C from the Transportation program to the instructional programs. If indirect support costs are allocated, the support programs will show a zero balance, and the instructional programs will reflect all of the costs of the district.

Support services may be charged to using instructional programs as illustrated in Figure III-2.

The following services should be charged as direct support to using instructional programs as described:

Instructional Support. Costs of services for the use of instructional media, special book orders, and special projects should be transferred through object of expenditure code 5900. Costs transferred should not include the pro rata share of salaries of personnel actually teaching part-time in instructional programs. Other services charged to instructional programs, such as media equipment rental, should include the total costs of rendering the services requested.

Pupil Services. Special pupil services costs should be transferred through object of expenditure code 5900. These special services include services of psychologists and nurses, special testing, and physical examinations. The direct support charges of Pupil Services distributed to other using programs should include the actual cost of providing the service. This would normally include salaries, fringe benefits, materials, and supplies charged out via a work order system on a time-and-materials basis.

Transportation Services. Costs of transportation services should be transferred to the instructional programs utilizing these services through object of expenditure code 5900. It is recommended that charges for special transportation services be calculated at a fixed rate per mile based on costs in prior years.

Maintenance Services. Special maintenance services such as equipment repairs should be transferred through object of expenditure code 5900. The using program should be charged for actual costs of providing the service. This would normally include salaries, fringe benefits, materials, and

BUDGET STATUS REPORT

Program: A Program Code:
Location: Site Code: XXX

A. Direct Program Costs	
1. Certificated Salaries	$15,083
2. Classified Salaries	3,307
3. Employee Benefits	1,540
4. Books, Supplies, etc.	1,175
5. Equipment Replacement	950
6. Other Operating Expenses	500
7. Capital Outlay	0
Total Direct Costs	22,555
B. Direct Support Program Costs	
8. Instructional Administration	400
9. Instructional Media	500
10. School Administration	500
11. Special Projects (See list)	
12. Attendance and Welfare	200
13. Guidance and Counseling	200
14. Health	300
15. District Administration	300
16. Maintenance	800
17. Operations	1,250
18. Transportation (Field trips)	1,500
19. Community Services	
20. Facilities Acquisition and Construction	
21. Food Services	
22. Other	
Total Direct Support Charges	5,950
Total Direct and Direct Support Costs	28,505
C. Indirect Support Program Costs	
23. Instructional Support	510
24. Pupil Services	
25. General Support (Home-to-school transportation = $61)	845
26. Auxiliary	
27. Other	
Total Indirect Support Charges	1,355
Total Program Costs	$29,860

Footnote (a)

Footnote (b)

BUDGET STATUS REPORT

Program: Transportation Program Code:
Location: Districtwide Site Code: XXX

A. Direct Program Costs	
1. Certificated Salaries	$ 0
2. Classified Salaries	46,514
3. Employee Benefits	7,850
4. Books, Supplies, etc.	9,800
5. Equipment Replacement	0
6. Other Operating Expenses	1,500
7. Capital Outlay	0
Total Direct Costs	65,664
B. Direct Support Program Costs	
8. Instructional Administration	
9. Instructional Media	
10. School Administration	
11. Special Projects (See list)	
12. Attendance and Welfare	
13. Guidance and Counseling	
14. Health	
15. District Administration	
16. Maintenance	
17. Operations	
18. Transportation (Field trips)	(10,500)
19. Community Services	
20. Facilities Acquisition and Construction	
21. Food Services	
22. Other	
Total Direct Support Charges	(10,500)
Total Direct and Direct Support Costs	55,164)
C. Indirect Support Program Costs	
23. Instructional Support	
24. Pupil Services	
25. General Support (Home-to-school transportation)	(55,164)
26. Auxiliary	
27. Other	
Total Indirect Support Charges	(55,164)
Total Program Costs	$ 0

[a] Transportation costs for direct services are also charged to other using instructional programs.

[b] Transportation costs may also be allocated to the other instructional programs if the district chooses to allocate indirect support costs.

NOTE: This illustration does not intermingle costs among the direct, direct support, and indirect support categories. The direct costs of instructional programs and support programs are not affected by direct support or indirect support charges. The support charges are kept within their own sections, and direct costs are subtotaled before adding or subtracting direct support charges. Consequently, direct costs will be cumulative for all programs and then combined with support services.

Figure III-2. Illustration of Cost Allocations from a Support Program to an Instructional Program

supplies charged out via a work order system on a time-and-materials basis.

Operations Services. Operations services should be transferred to using programs through object of expenditure code 5900. Operations services to be charged include laundry and dry cleaning, uniform repair, and other special services performed for the benefit of a particular program. These costs should be billed at actual costs of providing the service.

County Superintendent and District Administration. Administrative services should be transferred to using programs through object of expenditure code 5900. Administrative services to be charged include special data-processing services, duplicating and reproduction services, and other special administrative services. Administrative services should include the actual cost of providing the service.

Special Projects. Special projects are programs that are somewhat unique in that they have their own funding and often their own administrative staff, but they may in some cases be entirely in support of an instructional program or another support program. For example, the costs of an ESEA, Title II, special project might be charged entirely on a direct support charge basis to instructional media, and the costs of a Miller-Unruh reading program might be charged on the same basis entirely to the reading program.

The purpose of placing special projects in the instructional support area of the program structure is to provide certain information relative to the project: (1) total costs of the special project including direct support costs charged from other support programs, but excluding indirect support charges; (2) total direct costs of general education, or the cost of the normal district effort before special support from the special project; (3) total district effort in an instructional program, including the general education effort, special project support, and other direct support charges; and (4) the noninstructional portion of the special project, representing costs that may be allocated to other support areas if desired.

Figure III-3 illustrates a special project cost allocation.

Indirect Support

The district has the *option* of charging *all* of its support program costs to its instructional programs. Those costs of support programs remaining after direct support charges have been transferred are considered indirect costs of the instructional program because they are more remotely related to the instructional process and are generally aimed at all of the instructional programs as a group.

Indirect support charges should be made only to instructional programs. Little is accomplished by allocating indirect charges of one support program to another support program, because all costs of support programs except auxiliary programs may

	Direct costs 1	Direct support charges—in 2	Direct support charges—out 3	Net total direct costs 4
Instructional Program				
Program D	$ 33,000[a]	$30,000[b]		$ 63,000[c]
Program E	46,000[a]	20,000[b]		66,000[c]
Program F	53,000[a]	20,000[b]		73,000[c]
Instructional Support				
Instructional Administration	18,000		($5,000)	13,000
Instructional Media	38,000	10,000		48,000
ESEA (Special project)	90,000[d]	15,000[d,e]	(80,000)[b,d]	25,000[d,f]
Pupil Services	28,000		(4,000)	24,000
General Support	86,000		(6,000)	80,000
Total	$392,000	$95,000	($95,000)	$392,000

[a] These amounts are the total direct costs of general education, or the costs of the normal district effort before support from the special project (ESEA).

[b] These charges represent direct support charges from Elementary and Secondary Education Act programs to other programs. Instructional Media is debited $10,000 for the library program; Program D is debited $30,000; Program E is debited $20,000; and Program F is debited $20,000. A total of $80,000 is credited to ESEA.

[c] These amounts represent the total district effort for each of these special instructional programs, including all general education effort, special project support, and other direct support charges.

[d] The total costs of the ESEA program equal either the direct costs in column (1) plus the incoming direct support charges in column (2); or the total direct costs in column (4) plus the outgoing direct support charges in column (3). This total may or may not coincide with the program's entitlement because the district may contribute to the program. For example, in this illustration the total costs of the ESEA program amount to $105,000; the entitlement may have amounted to only $100,000 and the remaining $5,000 contributed to the program by the district.

[e] This amount represents direct support charges from other support programs charged to the ESEA program: $5,000 from Instructional Administration, $4,000 from Pupil Services, and $6,000 from General Support. A total of $15,000 is debited to ESEA.

[f] This noninstructional portion of the special project represents costs that may be allocated to other support areas if desired, such as ESEA, Title II, library books.

Figure III-3. Illustration of Special Project Cost Allocation

ultimately be charged to the instructional program if the total distribution of all indirect support charges seems desirable for district management.

Indirect support costs can be allocated to instructional programs by several different methods; however, for state reporting purposes, two methods *must* be used, as applicable: (1) allocation by number of teachers and aides; and (2) allocation by program enrollment.

Allocations Based on Number of Teachers and Aides

The undistributed costs remaining in the *Instructional Support, Special Projects, Maintenance,* and *Operations* programs *must* be distributed as indirect support charges to all instructional programs on the basis of the ratio of number of teachers and instructional aides in each instructional program to the total number of teachers and aides in all instructional programs.

Example:

A district employs 1,000 teachers and instructional aides in all instructional programs. One hundred teachers and aides are assigned to one instructional program, Program X. One-tenth of the undistributed costs remaining in the support programs are distributed to Program X.

Allocations Based on Program Enrollment

The undistributed costs remaining in the *Pupil Services, District Administration,* and *Transportation* programs *must* be distributed as indirect support charges to all instructional programs on the basis of the ratio of each instructional program's enrollment to the total accumulated enrollment, by grade span (life span), in *all* instructional programs.

This method involves two steps:

1. To determine each grade span's share of the undistributed direct costs remaining in a program (e.g., Transportation program), school districts determine the number of students served by the program at each grade span level (preformal, elementary, secondary, and adult).
2. A proportionate share is distributed for each grade span as an indirect support charge to that grade span's instructional programs. If a district has 25 instructional programs, it adds the enrollment in all 25 programs to obtain a total accumulated enrollment. Each instructional program shares in the indirect support charges based on the ratio of its enrollment to the total accumulated enrollment in all 25 instructional programs.

Example (Transportation):

A unified district transports 12,000 students from home to school at a cost of $100,000.

Step 1:

The number of students served, by grade span, is as follows:

Elementary	9,000
High school	3,000
Adult	0
Total	12,000

The elementary grade span's share of the $100,000 home-to-school costs is 9,000/12,000 × $100,000, or $75,000.

Step 2:

The $75,000 is allocated among all elementary instructional programs on the basis of the ratio of each program's enrollment to the total accumulated enrollment in all elementary instructional programs. There are 25 instructional programs at the elementary level. Total accumulated enrollment for all 25 programs is 10,000. Program A has an enrollment of 1,000 pupils. Program A is charged 1,000/10,000 × $75,000, or $7,500. The remaining $25,000, which is allocated to the secondary grade span, is distributed among high school instructional programs in the same manner.

SECTION C

Miscellaneous Accounting Procedures

Methods of accounting for cooperative projects operated among districts, accounting by funds, accounting for stores, and abatements of expenditures including use of contra accounts are included in this section.

Cooperative Projects

California school districts and offices of county superintendents of schools often pool their resources and operate certain federal and state projects on a cooperative basis. This procedure usually calls for one school district or county superintendent of schools to operate the project for one or more other school districts or county superintendents. The operating school agency is usually referred to as a local educational agency or local operating agency.

The Annual Financial Report as specified by the State of California is used to collect fiscal data for comparative and management purposes. Current expense and the costs of education are developed on a cost per unit of average daily attendance (a.d.a.) basis. Therefore, it is necessary that each school agency report its own share of the income and expenditures when the agency is involved in a cooperative project if valid comparative data are to be obtained.

District and county superintendents involved in cooperative projects must report the income and expenditures resulting from their involvement in the project in the following manner:

1. Each participating district or office of a county superintendent enters its share of the project entitlement in the appropriate income classification on the Annual Financial Report form. If it is an ESEA, Title I, project, for example, the income will appear in classification 8160.
2. Each participating district and county, except the district operating the project, reports its share of the cost of the project in the expenditure object classification 5600, ***Contracts, Rents, and Leases.*** Its share of the cost will normally be equal to its share of the income.
3. The operating district must account for *all* of the costs of the cooperative project in the appropriate expenditure classifications during the project year. At the end of the year, the operating district will *abate* the total cooperative project expenditures by the amount of income received from each of the other participating school agencies and will report the net costs on its Annual Financial Report.

Some cooperative projects are established only to meet specific federal entitlement requirements. Such projects usually require that one district serve as the applicant district for purposes of disbursing federal funds to the other participating districts. The participating districts are operating their own projects in this situation. In the implementation of this type of cooperative project, quarterly cash advances may be made directly to the administrative agent of the applicant district for deposit and disbursement. Applicant districts should deposit their prorated amounts in an account under income classification 8160 and the prorated amounts for participating districts under classification 8490. A copy of the cooperative agreement filed with the county superintendent will serve to authorize payment to the participating districts. Disbursement transactions by the operating district should be handled as abatements to classification 8490. Participating districts should record income under classification 8160. All expenditures are to be recorded in accordance with the *California School Accounting Manual.*

Accounting by Funds

Separate, balanced records should be maintained for the General Fund and for each special fund. The General Fund may be used for nearly all the purposes shown in this outline. Special funds are usually highly restricted by law as to their usage. For example, the Bond Interest and Redemption Fund will include only the following objects of expenditure: classification 7130, ***Bond Redemption;*** classification 7140, ***Bond Interest and Other Service Charges;*** and classification 7300, ***Interfund Transfers.*** Responsibility for this fund is vested in the county auditor. The school district budget form (State Department of Education Form J-41) indicates the objects of expenditure authorized by law for each of the several funds of school districts.

Accounting for Stores

Payments for the purchase of "stores" (see Part V of this manual), defined as goods on hand in central storerooms subject to requisition, are similar to expenditures but are not classified as such. These payments constitute the increase of an asset account, Stores, equal to the reduction in another asset account, Cash in County Treasury.

The issuance of stores must be accounted in the records of the school district as a reduction of the asset account, Stores, and as a charge to the appropriate expenditure object and program for which the stores were issued. Such accounting should be continuous in the records of the school district, and, to the extent that the county superintendent of schools maintains corresponding records, summaries of the issuance of stores shall be reported to the county superintendent by the school district periodically, preferably not less frequently than monthly. In any event, the balance in the Stores account at the end of each fiscal year should represent the value of the stores in the warehouse of the school district.

Abatements of Expenditures

Abatement of expenditure is the cancellation of a part or the whole of a charge previously made, usually owing to refunds, rebates, resale of materials originally purchased by the school district, or collections for loss or damage to school property. Abatement of expenditure applies to both current expense and capital outlay expenditures from all funds. Tuition receipts, fees, and rentals shall not be treated as abatements of expenditure. This definition must be observed in making all decisions as to whether a receipt is to be reported as income or as an abatement of expenditure.

The basic distinction that must be borne in mind is that an abatement of expenditure must always represent a receipt that cancels a part or the whole of a determinable item of previous expenditure. If a receipt cannot be substantiated as a cancellation of a specific expenditure, it must be reported as income.

The term *receipt,* as used here, is to be considered as referring to the receipt of cash, except in those school districts in which the accounting is on an accrual basis. Districts operating on an accrual basis enter an abatement of expenditure prior to the receipt of cash, that is, as an account receivable. Adjustments between expenditure accounts to correct errors in the distribution of charges should not be considered as abatements of expenditure.

Accounting Instructions for Abatements

Receipts that represent cancellations of expenditures must be accounted as abatements of expenditures previously incurred by crediting such receipts to the respective expenditure accounts, thereby eliminating any credit to income accounts.

Receipts representing abatements of expenditures must be accounted by abating the appropriate expenditure accounts during the fiscal year in which the receipts and the expenditures occur. In no case may receipts of a current fiscal year be accounted as abatements of expenditures of a prior fiscal year, unless such receipts were accrued by the establishment of an account receivable in the prior fiscal year. If an abatement does not occur in the same year as the expenditure or a receivable has not been set up, the receipt should be shown as a receivable when it occurs and will, therefore, be an adjustment to the beginning balance. It should not go into either income or expense.

Abatements of expenditures must be accounted as such at the time that the receipts occur throughout the fiscal year by immediately crediting the receipts to the appropriate expenditure accounts instead of crediting them to any income account.

Except as the accounting is maintained on a current basis in the records of the county superintendent of schools and the school district, and except for city school districts that supply monthly or annual reports of income and expenditures to the county superintendent of schools on the basis of net data, districts must report to the county superintendent at the end of the fiscal year on all abatements of expenditures.

All appropriations, apportionments, subsidies, or grants-in-aid from any governmental unit must be accounted as income receipts, not as abatements of expenditure.

Use of Contra Accounts

Whenever abatements of any particular type are numerous, and especially if considerable amounts are involved, it is recommended that the credits be made to a contra account instead of directly to the expenditure account. The contra account should be identified as "Abatements of ________" (inserting the name of the expenditure account to which it relates). It should be maintained adjacent to the corresponding expenditure account in the expenditure (or appropriation) subsidiary ledger. The contra account will receive only credit entries for abatements. By this procedure, the undesirable features of a "mixed" account are avoided, and gross expenditure, abatements, and net expenditure can be determined easily at any time.

Relationship of Abatements of Expenditure to Appropriation Control

Regardless of whether abatements of expenditure are treated as direct credits to expenditure accounts or as indirect reductions of expenditure by the use of contra accounts as described under the preceding heading, the control of expenditures must be in terms of net expenditures. Districts that anticipate abatements of expenditure items should prepare their budgets on the basis of net expenditures and attach supporting schedules indicating the anticipated gross expenditures and the anticipated reduction by reason of abatements of such expenditures.

Principal Types of Abatements of Expenditure

The following receipts must be accounted as abatements of expenditure if receipt and expenditure occur in the same fiscal year:

1. Receipts from sales of supplies and new materials at cost (a) to students for personal ownership (e.g., art and shop materials); (b) to students by means of vending machines dispensing articles supplied by districts; or (c) to other governmental units, including school districts

   NOTE: Some of these sales may be credited to stores accounts instead of being abated to expenditure accounts, depending on the local accounting methods employed.
2. Refunds of overpayments (a) from teachers and other employees; or (b) from vendors and other payees
3. Refunds for return of containers, oil drums, wire spools, and the like
4. Reimbursement of cost of repairs or replacement of damaged or lost property (a) from pupils, parents, or guardians for loss of books or damage to school property; or (b) from contractors or any other individuals for damage to or loss of school property
5. Refunds from a transportation company for unused portions of carfare books, tickets, and the like
6. Refunds of gasoline tax for nonhighway use
7. Cancelled warrants (not outlawed warrants)
8. Receipts from sale, in lieu of trade-in, of used equipment being replaced, such as automobiles, typewriters, and the like
9. Refunds of premiums or dividends on insurance
10. Receipts from settlements of insurance claims on account of building, supply, and equipment losses (a) of any amount received for loss of a building requiring replacement or reconstruction within the current fiscal year; or (b) any amount received on account of a loss of supplies or equipment.

    NOTE: The total amount recorded as an abatement of expenditures made for repair or replacement of supplies or equipment losses shall not exceed the amount expended for this purpose during the same fiscal year
11. Receipts from the sale either of a portion of a new site or of buildings or improvements thereon
12. Receipts from subleasing an unused portion of premises that the district had to rent as a whole to obtain the portion desired for school purposes

    NOTE: Any amounts received in excess of the related expense shall be recorded as miscellaneous revenue (income), and *not* as abatements.

Exhibit III-A

ANALYSIS OF SALARIES

Salary object classifications		Position titles
Certificated Salaries		
1100	Teachers	Teacher, Assistant* Teacher, Regular Teacher, Speech Therapist* Teacher, Student* Teacher, Substitute Teacher, Tutor*
1200	School Administrators	Dean Dean, Assistant Principal Principal, Vice Principal, Assistant Registrar*
1300	Supervisors	Consultant Coordinator Director Specialist Supervisor, General Supervisor, Special Supervisor, Assistant
1400	Librarians	Librarian Librarian, Assistant
1500	Guidance, Welfare, and Attendance Personnel	Counselor, Pupil/Parent* Psychologist Psychometrist Social Worker
1600	Physical and Mental Health Personnel	Audiologist Audiometrist Chiropodist Dentist Dental Hygienist Nurse Oculist Optometrist Otologist Physician Psychiatrist
1700	Superintendents	District Administration— Superintendent Superintendent Superintendent, Assistant Superintendent, Associate Superintendent, Deputy County Administration— Superintendent*
1800	Other Certificated District and County Administrators	Administrative Assistant Director Director, Assistant*

Salary object classifications		Position titles
1900	Other Certificated Personnel	Civic Center Employee* Consultant* Noon-Playground Supervisor* Recreation Worker*
Classified Salaries		
2100	Instructional Aides	Instructional Aide
2200	County and District Administrative Personnel	Governing Board Member Business Manager Controller Director Chief Accountant Supervisor Purchasing Agent Assistant Superintendent Superintendent
2300	Clerical and Other Office Personnel	Clerk Secretary Accountant Bookkeeper Machine Operator Computer Operator Switchboard Operator
2400	Maintenance and Operation Personnel	Maintenance Employee Custodian Custodian's Helper Elevator Operator Fireman Gardener Matron Utility Man, General Watchman Other Housekeeping Position Delivery Man Truck Driver Warehouseman
2500	Food Service Personnel	Director Supervisor Nutritionist Manager Cook Helper
2600	Transportation Personnel	Bus Driver Mechanic Field Coordinator Gasoline Pump Attendant Other
2900	Other Classified Personnel	Noon-Playground Supervisor Recreation Worker

*Position not included in object definitions.

Part IV

Supplies and Capital Outlay Including Equipment, Sites and Improvement of Sites, Building Fixtures, and Service Systems

Some of the most perplexing problems in school accounting are those of distinguishing between supplies and equipment; between equipment and improvement of grounds; and between equipment/building fixtures and service systems. Nevertheless, in accounting for school expenditures, districts must correctly identify each expenditure if the necessary uniformity of accounting is to be maintained.

Whether an item should be considered as equipment or as supplies can be determined on the basis of the length of time the item is serviceable and on its contribution to the value of the plant. For example, supplies are constantly being consumed and replaced without increasing the value of the physical properties of the school district. Equipment has relatively permanent value, and its purchase increases the value of the physical properties of the school district.

Expenditures for equipment, improvement of sites, building fixtures, and service systems are usually charged as capital outlay; those for supplies, as current expense. The original purchase of equipment or of additional equipment must be recorded in object classification 6400, ***Equipment***. Expenditures for piece-by-piece replacement of equipment must be charged to object classification 4800, ***Equipment Replacement***.

In accounting for expenditures, all school districts must use the same plan for making the required decisions. This plan must contain clearly stated criteria regarding the distinguishing features of the items to be accounted for; that is, criteria that can be used in determining correctly the disposition of the charges to accounts.

Criteria for Distinguishing Between Supplies and Equipment

Supplies are items of an expendable nature that are consumed or worn out, deteriorate in use, or are easily broken, damaged, or lost.

Examples: paper, pencils, cleaning materials, nails, scissors, test tubes, thumbtacks, and keys

Items that have a relatively short service life (less than two years) and therefore must be replaced frequently are charged as supplies.

Examples: brooms, chamois, and rubber stamps

Some articles clearly do not belong to either of the two preceding groups. They have the characteristics of equipment but they have a low unit cost or are frequently lost, broken, or worn out and replaced in normal use. To obtain uniformity, the classifier should assign items to the various classifications on the basis of the answers he must give to the questions in the following list. If the answer to any one of these five questions is yes, the item should be classified as a supply item, and the expense should be recorded under object classification 4000 except for classification 4800, ***Equipment Replacement***. If all answers are no, the item should be classified under object classification 6400, ***Equipment***.

1. Does the item lose its original shape and appearance with use?
2. Is it consumable, with a normal service life of less than two years?
3. Is it easily broken, damaged, or lost in normal use?

4. Is it usually more feasible to replace it with an entirely new unit than to repair it?
5. Is it an inexpensive item, having the characteristics of equipment? Does the small unit cost make it inadvisable to capitalize the item?

Criteria for Identification of Capital Outlay

Capital Outlay expenditures are those that result in the acquisition of capital assets or additions to capital assets. They are expenditures for sites; improvement of sites; buildings; improvement of buildings; building fixtures; service systems; and purchase of initial or additional equipment.

Equipment

Equipment includes movable personal property of a relatively permanent nature and/or of significant value.

Examples: Furniture, machines, musical instruments, and vehicles

NOTE: Nonconsumable articles generally classified as supplies should be classified as equipment if they are purchased to start or expand materially the equipping of a school, classroom, library, or other facility. If equipment is constructed by district employees, the cost of the materials and labor as well as indirect costs should be recorded as the total cost of the item produced.

Equipment must be recorded under object classification 6400.

New Sites and Improvement of Sites

New Sites and Improvement of Sites includes acquisition of land, improvement of new and old sites and adjacent ways, and acquisition of physical property of a permanent nature attached to land.

Examples: land, curbs, grading, playground surfacing, retaining walls, sidewalks, storm drain systems, landscaping, driveways, parking lots, fixed playground apparatus, and flagpoles

New sites and improvement of sites must be recorded under object classification 6100.

Buildings

Buildings includes the construction or purchase cost of new buildings and additions, including advertising costs, architectural and engineering fees, blueprints, inspection, tests and examinations, demolition, the razing of existing obsolete or old buildings to clear sites for new buildings, building fixtures and service systems, and any other expenditures directly related to the construction or acquisition of buildings.

Buildings must be recorded under object classification 6200.

Improvement of Buildings

Improvement of Buildings includes alterations, remodeling, renovations, and replacement of buildings in whole or in part. Improvements include the replacement of an existing building unit or construction of an improved or superior unit, usually resulting in a more efficient or longer-lasting property. Significant improvement should be considered as capital outlay expenditures.

Improvement of buildings must be recorded under object classification 6200.

Building Fixtures

Building Fixtures include attachments to buildings that are not subject to transfer or removal, presumably function as an integral part of the building, and have a fairly long and useful life. Such fixtures are generally accepted as real property and lose functional identity as separate units.

Building fixtures must be recorded under object classification 6200.

Service Systems

Service Systems include any parts of a building that are intended to serve a single function throughout the building; are usually included as a part of the original construction or subsequently added in whole or in part; are built as an integral part of a building; and are expected to have a long and useful life. Such systems are generally accepted as real property and lose identity as separate units.

Examples: intercommunication systems or air-conditioning systems

Criteria for Identification of Building Fixtures and Service Systems

The following criteria provide a uniform basis for the identification of building fixtures and service systems. To be classified as either a building fixture or a service system, an item must conform to five criteria:

1. The item is attached permanently to the building.
2. The item functions as part of the building.
3. Removal of the item results in appreciable damage to the building or impairs the designed use of the facility.
4. The item is generally accepted as real property (not personal property).
5. The item loses identity as a separate unit.

Service systems must be recorded under object classification 6200.

Purchase, Rental, Lease, or Lease with Option to Purchase

Fixed assets can be acquired by purchase, rental, lease, or lease with option to purchase. These acquisitions are accounted for as follows:

Purchase of a fixed asset is charged as any other purchase for which title passes upon receipt of payment.

Rental of a fixed asset does not increase the assets of the district and therefore is not charged to a capital expenditure account. Rentals are charged to 5600–*Contracts, Rents, and Leases. Exception:* If equipment is rented for a specific capital outlay project (e.g., a tractor for a major landscaping project), the amount paid should be added to that project as a capital expenditure.

Lease of a fixed asset is usually for a period of one year or more. Title does not pass to the district, and charges are to 5600–*Contracts, Rents, and Leases.*

Lease with option to purchase a fixed asset is charged to the appropriate object classification number under 6000–*Sites, Buildings, Books and Media, and New Equipment,* 4800–*Equipment Replacement,* or 5600–*Contracts, Rents, and Leases.*[1]

List of Supplies, Equipment, Improvement of Sites, Building Fixtures, and Service Systems

The letters after the items in the following list of items classified as supplies, equipment, improvement of sites, building fixtures, or service systems are to be interpreted as having the following meanings:

E = Equipment
S = Supplies
I = Improvement of Site
BF = Building Fixtures
SS = Service Systems

In making decisions for correct accounting determinations, districts should use the list in conjunction with the criteria. Many of the items listed as equipment would have to be considered as materials for the improvement of sites if they were attached to the land; building fixtures if they were attached to the buildings; or service systems if they were integral parts of such systems.

If an item cannot be found in the list, another item of similar nature can be found and the same class used for both items.[2] In some instances the item must be identified by associating it with one of the general classes of items included in the list. For example, the item can be identified by associating it with one of the following classes of supplies: chemicals, cloth, clothing, compounds, dishes, drugs, food, games, glassware, machines (small hand), medicines, paint, parts (repair), stationery, tableware, tools (hand, not in sets), and utensils; or by associating it with one of the following classes of equipment: apparatus, appliances (household), cabinets, furniture, implements (farm), livestock, machines (large), tool sets (hand), and tools (power).

Abrasives–S
Absorbent cotton–S
Account books–S
Accounting forms–S
Accounting machines–E
Acetylene–S
Achievement tests–S
Acids–S
Adding machine ribbons–S
Adding machine tapes–S
Adding machines–E
Addressing machine plates–S
Addressing machine ribbons–S
Addressing machine stencils–S
Addressing machines–E

---

[1] All payments including interest, if any, related to a lease with option to purchase shall not be included for state reimbursement purposes.

[2] An additional source is *Handbook II–Financial Accounting Classification and Standard Terminology for Local and State School Systems.* Washington, D.C. Office of Education, U.S. Department of Health, Education, and Welfare, 1972.

Adhesive tape–S
Adzes–S
Air, compressed–S
Air compressors–E
Air-conditioning systems–SS
Air-conditioning units, casement–E
Air gauges, tire–S
Air hoists–E
Albums–S
Alcohol–S
Alidades, telescopic–E
Alignment gauges, camber, toe-in–E
Ammeters–E
Ammonia–S
Ampules–S
Anatomical charts–S
Anatomical models–E
Andirons–E
Anemometers–E
Anesthetics–S
Aniline dyes–S
Animal boxes–S
Annunciators–E
Antifreeze–S
Antiseptic gauze–S
Antiseptics–S
Antitoxins–S
Anvils–E
Apparatus cabinets–E
Apparatus, medical, scientific, electronic, photographic, arc-welding–E
Appliances, household–E
Applicators, throat–S
Aprons–S
Aquariums–E
Arc-welding apparatus–E
Arch supports–S
Archery sets–S
Architects scales, 1-inch measure–S
Armature growlers–E
Arrows–S
Art canvases–S
Art crayons–S
Art erasers–S
Art paints–S
Art paper–S
Asbestos–S
Ash cans–S
Asphalt–S
Asphalt roofing and siding–S
Astringents–S
Astrographs, wall–E
Athletic uniforms–S
Atlases–S
Atomizers–S
Audiometers–E
Auger bits–S
Augers–S
Autoclaves–E
Automatic regulating valves–S
Automobile accessories–S
Automobile controls for handicapped persons–S
Automobile defrosters–S
Automobile fuel tanks–S
Automobile heaters–S
Automobile lifts–E
Automobile signals–S
Automobile tires and tubes–S
Automobiles–E
Awards–S
Awls–S
Awnings, fixed–BF
Awnings, removable–E
Axes–S
Babbit metal–S
Backboards, indoor, fixed–BF
Backboards, outdoor, fixed–I
Backboards, portable–E
Backstops, fixed–I
Backstops, portable–E
Badges–S
Badminton rackets–S
Bags–S
Baking pans–S
Baking powder–S
Baking soda–S
Balances, beam–E
Balances, small spring–S
Baling presses, compression moulding–E
Ball bearings–S
Ball peen hammers–S
Balloons–S
Ballot boxes–S
Balls–S
Band instruments–E
Band saw blades–S
Band saws–E
Band uniforms–E
Bandages–S
Bands, rubber–S
Banners–S
Barber shop tools, electrical–E
Barber shop tools, hand–S
Barber-type furniture–E
Barographs–E
Barometers–E
Barrels–S
Bars, horizontal, portable–E
Baseballs–S
Bases, baseball–S
Bases, electric lamp–S
Bases, flagpole–I
Basins, portable–S
Basketball shoes–S
Basketballs–S
Baskets, container–S
Bath curtains–S
Bath mats–S
Bath robes–S
Bathtub fittings–S
Batons–S
Bats–S
Batteries, electric–S
Battery charges–E
Battery elements–S
Batting, cotton–S
Beads, arts and crafts–S
Beakers–S
Beam, compass–E
Bean bags–S
Bearings, ball–S
Bearings, roller–S
Beaters, egg, electric–E
Beaters, egg, hand–S
Beauty class furniture–E
Bedding–S
Bedpans–S
Beds–E
Bedspreads–S
Bedsprings–S
Beeswax–S

Bellows, hand–S
Bellows, power–E
Bells, call–S
Bells, small hand or desk–S
Belt dressings–S
Belts–S
Bench stops–S
Benches–E
Benzene–S
Bevels–S
Bicycle racks, fixed–I
Bicycle racks, portable–E
Bicycles–E
Billheads–S
Billing machines–E
Binders, agricultural–E
Binders, looseleaf–S
Binding cloth–S
Binding cord–S
Binoculars–E
Biological charts–S
Biological models–E
Biology specimens–S
Bit braces–S
Bit tools–S
Bits–S
Blackboard pointers–S
Blackboards, portable–E
Blackboards, small slate–S
Bladders–S
Blades, saw–S
Blankets–S
Blanks, printed–S
Bleachers, indoor, fixed–BF
Bleachers, outdoor, fixed–I
Bleachers, portable–E
Bleaches–S
Blinds, venetian–BF
Blocks, hat–S
Blocks, kindergarten–S
Blocks, surface hardened–S
Blocks, terminal–S
Blood analysis apparatus, complete–E
Blood plasma cabinets–E
Blood pressure apparatus–E
Blotter holders–S
Blotter pads–S
Blotters–S
Blowers–E
Blowpipes–S
Blueprint machines–E
Blueprint paper–S
Bluing–S
Boards, bread–S
Boards, bulletin, fixed–BF
Boards, bulletin, portable–E
Boards, carrom–S
Boards, checker–S
Boards, drawing–S
Boards, emery–S
Boards, games–S
Boards, ironing–E
Boards, ironing, built-in–BF
Boards, lumber–S
Boards, mounting–S
Boards, sandwich–S
Boards, wash–S
Boats or canoes–E
Bobbins–S
Bodies, bus–E
Bodies, truck–E
Bodkins–S
Boiler cleaners–S
Boiler compounds–S
Boiler firing tools–S
Bolt cutters–S
Bolts–S
Bond paper–S
Book cards–S
Book jackets–S
Book pockets–S
Book records–S
Book stacks–E
Book trucks–E
Bookbinding machinery–E
Bookcases, portable–E
Bookcases, sectional–E
Bookcloth–S
Bookcovers–S
Bookends–S
Bookkeeping forms–S
Bookkeeping machines–E
Bookplates–S
Books–S
Books, cash–S
Books, composition–S
Books, library–E
Books, looseleaf note–S
Books, record–S
Books, text–S
Boots–S
Boring machines, precision, table or vertical types–E
Bottle syphons–S
Bottles–S
Bowling alley pins–S
Bowls–S
Bowls, water closet–S
Bows, archery–S
Box files, cardboard–S
Boxes–S
Boxes, electrical–S
Boxing gloves–S
Boxing rings, complete–E
Boyle's law apparatus, complete unit–E
Brake lining–S
Brake lining machines–E
Brakes and folders, hand or power–E
Brakes, complete replacement units–S
Brass polishes–S
Brass rods–S
Brass sheets–S
Bread knives–S
Bread pans–S
Bread slicers, mechanical–E
Bread toasters, electric–E
Breadboards–S
Breakers, circuit–S
Bricks–S
Bridges, wheatstone and similar–E
Bridles–S
Briefcases–S
Broilers, electric–E
Bronze, casting–S
Bronzing liquid–S
Brooders–E
Brooms, hand–S
Brooms, power-driven–E
Brushes–S
Buckets–S
Bucksaws–S
Buffers, electric–E
Bug sprays–S

Bulbs, electric light–S
Bulbs, flower–S
Bulletin boards, fixed–BF
Bulletin boards, portable–E
Bunting–S
Burettes–S
Burlap–S
Burners, Bunsen–S
Bus accessories–S
Bus chassis–E
Bus repair parts–S
Bus tickets–S
Bus tires and tubes–S
Bus tokens–S
Bus wagons–E
Buses–E
Bushings–S
Butter spreaders–S
Buttons–S
Buttons, push–S
Buzzers–S
Cabinets, apparatus–E
Cabinets, beverage cooling, ice or electric–E
Cabinets, filing–E
Cabinets, fixed–BF
Cabinets, frozen food storage–E
Cabinets, ice cream, ice or electric–E
Cabinets, laboratory–E
Cabinets, lantern slide–E
Cabinets, portable–E
Cabinets, print, drafting–E
Cabinets, printers, galley–E
Cabinets, printers, type–E
Cabinets, supply–E
Cable–S
Cages–E
Cake knives–S
Cake pans–S
Cake soaps–S
Calcimine–S
Calculating machines–E
Calendar pads–S
Calendar stands–S
Calendars–S
Calico–S
Calipers–S
Call bells–S
Calorimeters, continuous flow–E
Calorimeters, electric–E
Cameras–E
Cameras, motion picture–E
Cameras, still–E
Cameras, TV–E
Can covers
Can openers–S
Candles–S
Candlesticks–S
Canes–S
Canners–E
Canoes–E
Cans, ash–S
Cans, garbage–S
Cans, rubbish–S
Canvas–S
Cappers–E
Caps, metal–S
Carbide–S
Carbon dioxide–S
Carbon paper–S
Carbon ribbons–S
Carborundum stones–S
Carburetors–S
Card holders–S
Card punching and sorting device–E
Card racks–E
Card tables–E
Cardboard–S
Cardboard boxes–S
Cards–S
Carpenters squares–S
Carpet beaters–S
Carpets–E
Carrom boards–S
Carrom cues–S
Carrom rings–S
Carts–E
Carving knives–S
Cases, brief–S
Cases, cardboard–S
Cases, display–E
Cases, file–E
Cases, laboratory–E
Cases, musical instruments, large–E
Cases, musical instruments, small–S
Cases, supply–E
Cases, type–E
Cash boxes–S
Cash registers–E
Casters–S
Casting bronze–S
Catalog cards–S
Catches–S
Cattle–E
Caulking compounds–S
Caulking irons, all sizes–S
Caustics–S
Cellophane–S
Cells, photoelectric–S
Celluloid–S
Cement, construction–S
Cement, liquid–S
Centering machines–E
Centrifuges–E
Certificates–S
Chafing dishes–S
Chain hoists–E
Chains–S
Chains, tire–S
Chair pads–S
Chairs–E
Chairs, folding–E
Chalkboards, fixed–BF
Chalkboards, portable–E
Chalks–S
Chamois–S
Change holders–S
Charcoal–S
Charge slips–S
Chargers, battery–E
Chart stands–E
Charts, large–E
Charts, small–S
Chassis, bus–E
Chassis, truck–E
Check handling machines–E
Checkbooks–S
Checker boards–S
Checkers–S
Checks, brass–S
Checkwriters–E
Cheesecloth–S

Chemicals–S
Chemistry glassware–S
Chemistry rubber goods–S
Chimes, large–E
Chimes, small–S
Chinaware–S
Chisels, in sets–E
Chisels, not in sets–S
Choppers, food, hand-operated–S
Choppers, food, power–E
Circuit breakers–S
Clamps–S
Clay–S
Clay modeling tools–S
Cleaners, flue–S
Cleaners, steam vapor–E
Cleaners, vacuum–E
Cleaning compounds–S
Clinometers, photoelectric–E
Clippers, electric–E
Clippers, hand–S
Clips–S
Clock systems, program,
electric–SS
Clocks, desk–S
Clocks, wall–E
Cloth–S
Cloth binding–S
Cloth cutting machines–E
Cloth nets–S
Clothes baskets–S
Clothes brushes–S
Clothes dryers–E
Clothes hooks–S
Clotheslines–S
Clothespins–S
Clothing–S
Clutch rebuilding apparatus–E
Coat hangers–S
Coat hooks–S
Cocoa mats–S
Coffee cans–S
Coffee grinders–E
Coffee percolators, electric–E
Coffee pots–S
Coffee urns–E
Coin, currency, and check
handling machines–E
Colanders–S
Collapsible tables–E
Colored pencils–S
Colorimeters–E
Coloring dyes–S
Combines–E
Combs–S
Combustion analyzers–E
Comparators–E
Compasses, blackboard–S
Compasses, drawing–S
Compasses, magnetic–E
Compasses, magnetic, pocket–S
Compounds–S
Compressed air–S
Compressors, air–E
Computing machines–E
Condensers, electronic–S
Condensers, ignition
distribution–S
Condiments–S
Conduit boxes–S
Conduits and fittings–S
Connecting rod aligners–E
Connecting rod boring
machines–E
Connecting rod rebabbiting
jigs–E
Connectors, wire–S
Construction paper–S
Containers–S
Conveyors–E
Cookers, pressure–E
Cooking stoves–E
Cooking utensils–S
Coolers, water–E
Coping saw blades–S
Copper–S
Coppers, soldering–S
Copyholders–S
Cord–S
Cords, electric–S
Cores, valve–S
Cork–S
Corkscrews–S
Cornices, metal–S
Correction fluid, stencil–S
Corrosives–S
Corrugated paper–S
Costumers–E
Costumes, theatrical–S
Cots–E
Cotter pins–S
Cotton, absorbent–S
Cotton gauze–S
Couches–E
Counter freezers–E
Counters, fixed–BF
Counters, revolution and
stroke–S
Countersinks–S
Couplings–S
Coveralls–S
Covers–S
Crayons–S
Crockery–S
Crocks–S
Cross-section paper–S
Crucibles–S
Crude oil–S
Crushed rock–S
Crystals, watch–S
Cues, carrom–S
Cultivators–E
Culverts, sheet metal–S
Cup hooks–S
Cupboards–E
Cups–S
Cups, grease–S
Curbs–I
Curling irons–S
Curtain rods–S
Curtains, shower and window–S
Curtains, stage–BF
Curtains, cycloroma–BF
Curtains, window–S
Cuticle pushers–S
Cutlery–S
Cutters, glass–S
Cutters, large–E
Cutters, pastry–S
Cutters, plane–S
Cutters, small–S
Cylinder boring machines–E
Cylinder oils–S
Cylinders, dictating machine–S
Cylinders, gas–E
Cylinders, hydrometer jar–S
Cylinders, mailing–S

Dampers–S
Date stamps–S
Daters–S
Dating machines–E
Decorations–S
Deep fat fryers–E
Deep freezers–E
Dental abrasive points–S
Dental benches–E
Dental cabinets–E
Dental chairs–E
Dental charts–S
Dental drilling apparatus–E
Dental drills–S
Dental instruments, small–S
Deodorizers–S
Desk blotters–S
Desk lamps–S
Desk letter baskets–S
Desk pads–S
Desks–E
Developers, photographic–S
Developing tanks–S
Dextrin–S
Dextrose–S
Diaries–S
Dictating machine cylinders, discs, and tapes–S
Dictating machines–E
Dictionaries, abridged–S
Dictionaries, large unabridged–E
Dictionary stands–E
Dies, in sets–E
Dies, not in sets–S
Diesel engines, integral parts of larger units–S
Diesel engines for use in classrooms–E
Diploma covers–S
Diploma ribbons–S
Diploma seals–S
Diplomas–S
Discs, optical–E
Discs, phonograph–S
Dish brushes–S
Dish cloths–S
Dish pans–S
Dish trucks–E
Dishes–S
Dishwashers, fixed–BF
Dishwashers, portable–E
Disinfectants–S
Dispensers, soap–S
Display cases–E
Display mounts–S
Dissecting sets–S
Distilled water–S
Distilling apparatus–E
Distributor boxes–S
Distributors–S
Ditto machines–E
Dividers–S
Doilies–S
Dollies–S
Dolls–S
Doormats–S
Doors–S
Dowels–S
Drafting instruments–S
Drafting machines–E
Draglines–S
Drain cleaners–S
Drain pans–S
Drain plugs–S
Drain plungers–S
Drain tile–S
Drainpipe flushers–S
Drapery–BF
Drapery cloth–S
Drawing boards–S
Drawing compasses–S
Drawing instruments–S
Drawing paper–S
Drawing pens–S
Drawing tables–E
Dressers, emery wheel–S
Dressings, belt–S
Drier, ink–S
Drier, paint–S
Drier, varnish–S
Drift meters–E
Drift pins, all sizes–S
Drill bits–S
Drill points–S
Drill presses, bench, floor, or radial–E
Drills, hand–S
Drills, power–E
Drinking water coolers, electric or ice–E
Driveways–I
Drugs–S
Drums, bass, kettle, snare–E
Drums, fiber–S
Drums, metal–S
Drums, other than musical–S
Dry cells–S
Dry measures–S
Dryers–E
Dryers, clothes–E
Dryers, hair–E
Drygoods–S
Drying units, infrared–E
Dumbbells–S
Duplicating machine brushes–S
Duplicating machine ink–S
Duplicating machine paper–S
Duplicating machine parts–S
Duplicating machine rolls–S
Duplicating machines–E
Dustcloths–S
Dusters–S
Dustpans–S
Dyes–S
Earthenware–S
Easels, large–E
Easels, small–S
Edge tools, except cutting dies–S
Edgers, lawn–E
Educational tests–S
Eggbeaters, electric–E
Eggbeaters, hand–S
Elastic–S
Electric batteries–S
Electric clippers, sheep, horse–E
Electric cords–S
Electric dishwashers–E
Electric floor scrubbers–E
Electric fuses–S
Electric hot plates–E
Electric irons–E
Electric lamp bases–S
Electric light bulbs–S
Electric mixers–E

Electric sanding machines–E
Electric switches–S
Electric toasters–E
Electric tube testers–E
Electric vacuum cleaners–E
Electric waxing machines–E
Electric welding apparatus–E
Electric wires–S
Electrical boxes–S
Electrical systems–SS
Electrodes–S
Electrolysis apparatus–E
Electromagnets, laboratory–S
Electronic components–S
Electronic deviation meters–E
Electronic frequency meters–E
Electronic power supply and voltage regulators–E
Electronic recording devices, graphical and visual–E
Electronic tubes–S
Electronic volt-ohmmeters–E
Elements, battery–S
Embossers–E
Embossing fluid–S
Embossing pans–S
Emery boards–S
Emery cloth–S
Emery powder–S
Emery wheel dressers–S
Emery wheels–S
Enamel–S
Enameled ware–S
Encyclopedia, set–E
End tables–E
Engineers scales, measure–S
Engine flushing machines–E
Engines, for use in classrooms–E
Engines, integral parts of larger units–S
Enlargers–E
Envelope sealers–E
Envelopes–S
Epsom salts–S
Eradicator, ink–S
Erasers, electric–E
Erasers, hand–S
Exhibit cases–E
Exposure meters, camera–E
Extensometers–E
Extinguishers, fire–E
Extractors–E
Extracts–S
Eye charts–S
Eyelets–S
Fabrics–S
Face and eye shields–S
Faces, archery–S
Falling weight rammers–E
Fans, electric, portable–E
Fasteners–S
Fasteners, apparel–S
Faucets, combination or single–E
Feldspar–S
Felt–S
Fences–I
Fencing foils–S
Ferrules–S
Fertilizers–S
Fiber rod–S
Fiber sheets–S
Fiber tubes–S
Fiberboard–S
Figures, geometrical, models, in sets–E
File boxes–S
File cards–S
File folders–S
Files, wood and metal working–S
Filing cabinets–E
Filing machines–E
Filings–S
Fillers, battery–S
Fillers, ink–S
Fillers, paint–S
Fillers, wood–S
Film–S
Films, motion picture–E
Films, photographic–S
Films, television–S
Film cement–S
Filter paper–S
Filters, small–S
Fingers, rubber–S
Filmstrips–S
Firearms–E
Fire axes–S
Fire extinguisher refills–S
Fire extinguishers–E
Fire hooks–S
Fire safety systems–SS
Fire shovels–S
Fire tongs–S
Fireplace fixtures–E
Fittings, lubrication–S
First aid kits–S
Flagpole bases–I
Flagpoles–I
Flags, large–E
Flags, small–S
Flashlights–S
Flasks–S
Flatirons, electric–E
Flavorings–S
Flaxseed–S
Flexible cord sets–S
Flexible metal hose–S
Flexible metal tubing–S
Floats, hydrometer–S
Floats, plumbing–S
Floodlights, portable–E
Floor covering, wall-to-wall–BF
Floor oil–S
Floor scrubbers, electric–E
Floor waxes–S
Flour–S
Flower bulbs–S
Flowerpots–S
Flowers–S
Flue cleaners–S
Fluorescent lamps–S
Fluorescent starters–S
Fluoroscopes–E
Flushers, drainpipe–S
Flush valves–S
Flux–S
Fly sprays–S
Folders–S
Folding chairs–E
Folding tables–E
Food–S
Football dummies, tackling–S
Football shoes–S
Football uniforms–S
Footballs–S
Forceps–S
Forges–E

Forks, silverware–S
Forks, spading–S
Forks, tuning–S
Formaldehyde–S
Forms, dress–E
Forms, geometrical, model, in sets–E
Forms, printed–S
Foundry machinery–E
Frames, blueprint–E
Frames, door–S
Frames, mirror–S
Frames, ophthalmic–S
Frames, picture–S
Frames, saw–S
Frames, window–S
Freezers–E
Freezers, ice cream–E
Frequency meters–E
Friction tape–S
Fruits–S
Fuels–S
Fumigants–S
Fumigators–S
Fungicides–S
Funnels–S
Furnaces–E
Furnaces, heat treating–E
Furnaces, laboratory–E
Furnaces, remelting, type metal–E
Furniture–E
Furniture polish–S
Fuses–S
Gages, tire–S
Galvanometers–E
Galvanoscopes–E
Games–S
Garbage cans–S
Garden hose–S
Garden tools–S
Garments–S
Garnet paper–S
Gas compressors–E
Gas cylinders–E
Gas mantels–S
Gas meters, laboratory type–E
Gas plates–E
Gas stoves–E
Gases–S
Gaskets–S
Gasoline–S
Gasoline dispensing pumps, electric–E
Gasoline dispensing pumps, hand operated–S
Gates–I
Gauges, alignment, cambers, toe-in–E
Gauges, tire–S
Gauze–S
Gear cutting machines–E
Gears–S
Gelatin–S
Gelatin duplicators–E
Gelatin pads–S
Generators, integral parts of larger units–S
Generators, not integral parts of larger units–E
Geographic globes, large stand type–E
Geographic globes, small desk type–S
Glass–S
Glass, watch–S
Glass cutters–S
Glass wool–S
Glasses, drinking–S
Glasses, magnifying–S
Glasses, ophthalmic–S
Glassware–S
Glaze–S
Glides–S
Globes, electric light–S
Globes, geographic, large stand type–E
Globes, geographic, small desk type–S
Gloves, rubber–S
Glue–S
Glycerin–S
Goalposts–I
Goggles–S
Grading–I
Graduated measures–S
Graph paper–S
Graphite–S
Grass seed–S
Grass shears, hand operated–S
Grass shears, power operated–E
Grates, stove–S
Gravel–S
Grease–S
Grease guns, air, gun only–S
Grease guns, hand–S
Grinders, coffee–E
Grinders, hand operated–S
Grinders, power operated–E
Grinding compounds–S
Grinding wheels–S
Groceries–S
Growlers, armature–E
Guards, arm–S
Guards, lamp–S
Guards, shin–S
Gummed cloth–S
Gummed figures–S
Gummed labels–S
Gummed seals–S
Gummed tape–S
Guns, starting–E
Gym shoes–S
Gypsum–S
Gyroscopes–E
Hacksaws–S
Hair clippers, electric–E
Hair clippers, hand–S
Hair dryers–E
Hairpins–S
Hall trees–E
Hammers, autobody, pneumatic–E
Hammers, ball peen–S
Hammers, electric, hand–E
Hammers, light forged–S
Hammers, power–E
Hammers, sledge–S
Hampers–S
Hand bags–S
Hand saws–S
Hand stamps–S
Hand tools, in sets–E
Hand tools, not in sets–S
Hand tools, power driven, pneumatic and electric–E
Hand trucks–E

Handballs–S
Handbooks–S
Handles–S
Handscrews, wood and iron–S
Hangers, clothing–S
Hangers, hardware–S
Hardware–S
Harnesses–E
Harrows–E
Hat blocks–S
Hatchets–S
Headlights–S
Heaters–E
Heaters, portable–E
Heating pads–S
Heating systems–SS
Hectographs–E
Hemp fibre–S
Hinges–S
Hoes, garden–S
Hoists–E
Hoists, electric or pneumatic–E
Holders, blotter–S
Holders, change–S
Holders, copy–S
Holders, dictionary–E
Hooks–S
Horizontal bars, portable–E
Horns, motor vehicle–S
Horses–E
Horses, gym equipment–E
Horseshoes–S
Hose, apparel–S
Hose, flexible metal–S
Hose, garden–S
Hose clamps–S
Hose nozzles–S
Hot plates–E
Hot water bottles–S
Hurdles–E
Hydraulic jacks, garage type–E
Hydrometer floats–S
Hydrometers–S
Hygrometers–S
Hypodermic needles–S
Hypodermic syringes–S
Ice–S
Ice bags–S
Ice cream cabinets, ice or electric–E
Ice cream freezers–E
Ignition coils–S
Implements, farm–E
Incandescent lamps, bulbs–S
Incinerators, fixed–I
Incinerators, portable–E
Incubators–E
Index cards–S
Index labels–S
Index tabs–S
Indian clubs–S
Inductance standards–E
Ink–S
Ink drier–S
Ink eradicator–S
Ink pads–S
Inner tubes, auto–S
Insect nets–S
Insect screening–S
Insecticides–S
Insignia–S
Instruments, band and musical–E
Instruments, dental, small–S
Instruments, drafting–S
Instruments, drawing–S
Instruments, medical, small–S
Instruments, musical–E
Instruments, recording, electrical–E
Instruments, surgical, small–S
Instruments, surveying–E
Instruments, testing–E
Insulators–S
Intelligence tests–S
Intercommunication systems–SS
Interferometers–E
Interval timers–S
Iodine–S
Iodoform–S
Iron filings–S
Iron gauze–S
Ironers–E
Iron, sheet–S
Iron wedges–S
Ironing boards–S
Irons, electric–E
Jackets, book–S
Jacks, garage type, hydraulic–E
Jacks, mechanical–S
Jars–S
Jointers–E
Joints, plumbing–S
Juice extractors, electric–E
Jump standards–E
Kerosene–S
Kettles–S
Key racks–E
Key rings–S
Keys–S
Keyboards, piano, paper–S
Keyhole saws–S
Kilns–E
Kitchen tables–E
Kitchen utensils–S
Kits, first aid–S
Knee pads–S
Knives–S
Labels–S
Laboratory balances, beam–E
Laboratory fittings, plumbing–S
Laboratory furniture–E
Laboratory glassware–S
Laboratory models–E
Laboratory mounts–S
Laboratory tools, small hand–S
Lacing–S
Lacquers–S
Lactose–S
Ladders, large–E
Ladders, small–S
Ladles–S
Lagscrews–S
Lamp bases–S
Lamp bulbs–S
Lamps–E
Lamps, desk–S
Lamps, drafting table–S
Lamps, electric floor–E
Landscaping–I
Lantern slide cabinets–E
Lantern slides–S
Lanterns–S
Lathes–E
Lathes, brake drum–E
Lathes, turret, or automatic screw machines–E
Lathes, wood turning–E
Laths–S
Lawn mowers–E
Lawn rollers–E

Lawn sprinklers, movable–S
Lawn sprinklers, traveling–E
Lawn sprinkling systems–I
Lawns–I
Lead–S
Lead pencils–S
Lead, red–S
Lead, slug and rule casting machines, elrod–E
Leather–S
Leather briefcases–S
Leatherworking tools, hand–S
Lecterns–E
Ledgers–S
Lenses–S
Letter baskets–S
Letter files–S
Letter openers–S
Letter scales–S
Letterheads–S
Lettering pens–S
Letterpresses–E
Levels, precision machinist's–S
Levels, small or carpenter's–S
Levels, surveying–E
Library books–E
Library furniture–E
Library trucks–E
Lifts, vehicle–E
Light bulbs–S
Light globes–S
Light systems–SS
Lighting units, blueprinting–E
Lime–S
Line markers, large push type–E
Line markers, small–S
Linens–S
Liners, staff, music–S
Liners, type–S
Lining, brake–S
Lining, cloth–S
Linoleum–S
Linotype metals–S
Linotypes–E
Linseed oil–S
Liquid bronzing–S
Liquid polishes–S
Liquid soaps–S
Litmus paper–S
Livestock–E
Loam–S
Locker, built-in–BF
Lockers, movable–E
Locknuts–S
Locks, small, not built-in–S
Looms–E
Looseleaf binders–S
Looseleaf notebooks–S
Lubricants–S
Lubricating oil–S
Lubrication fittings–S
Lugs, soldering–S
Lumber–S
Machine tools–E
Machinery, canning–E
Machinery, cement-making–E
Machines, adding–E
Machines, addressing–E
Machines, billing–E
Machines, bookkeeping–E
Machines, brake lining–E
Machines, calculating–E
Machines, check handling–E
Machines, coin handling–E
Machines, coin operated–E
Machines, dating, power–E
Machines, dating, small hand–S
Machines, dictating–E
Machines, dishwashing–E
Machines, drafting–E
Machines, drycleaning–E
Machines, duplicating–E
Machines, large–E
Machines, laundry–E
Machines, mimeograph–E
Machines, mixing–E
Machines, numbering, power–E
Machines, numbering, small hand–S
Machines, polishing–E
Machines, pressing–E
Machines, sanding–E
Machines, scrubbing–E
Machines, sewing–E
Machines, small, hand–S
Machines, stamping, power–E
Machines, stamping, small hand–S
Machines, tabulating–E
Machines, washing–E
Machines, waxing–E
Magazine covers–S
Magazine racks, large stand–E
Magnets, laboratory–S
Magnifying glasses–S
Mail boxes–S
Mallets–S
Manicuring tools–S
Manila files–S
Manila folders–S
Manila rope–S
Map tracks–S
Maps, large–E
Markers, line, large push-type–E
Markers, line, small–S
Matches–S
Matrix, type–S
Mats, door and bath–S
Mats, gymnasium, tumbling, wrestling–S
Mattocks–S
Mattresses–S
Mauls–S
Meal–S
Meats–S
Mechanical drawing instruments–S
Mechanical pencils–S
Medals–S
Medical instruments, small–S
Medicine balls–S
Medicine cases–E
Medicines–S
Megaphones–S
Memo books–S
Mending materials–S
Mesh, steel wire–S
Metabolism apparatus–E
Metal polishes–S
Metal working machinery–E
Metal working tools, small, hand operated–S
Metals, die casting–S
Metals, laboratory–S
Metals, linotype–S
Meter sticks–S
Meters, watt, laboratory type–E

Microfilm readers and viewers for office use–E
Micrometers, in sets–E
Micrometers, not in sets–S
Microprojectors–E
Microscopes–E
Milk cans–S
Milking machines–E
Milliammeters–E
Milling machines, bench or floor–E
Millivoltmeters–E
Mimeograph machines–E
Mimeograph paper–S
Mineral wool–S
Minerals, laboratory–S
Minute books–S
Mirror frames–S
Mirrors, large wall–E
Mirrors, small–S
Mitre boxes–E
Mixers, electric–E
Modeling clay–S
Modeling tools–S
Models, dress–E
Models, shop and laboratory–E
Molding, metal–S
Mop pails–S
Mop trucks–E
Mop wringers–S
Mops–S
Mortar–S
Mortisers–E
Moss–S
Motion picture cameras–E
Motion picture films–E
Motion picture projectors–E
Motor analyzers–E
Motor generator sets–E
Motor vehicle parts–S
Motor vehicles–E
Motorcycles–E
Motors, integral parts of larger units–S
Motors, not integral parts of larger units–E
Mounting boards–S
Mousetraps–S
Mowers, lawn–E
Mucilage–S
Multimedia sets–S
Music stands–E
Music, sheet–S
Musical instruments–E
Muslin–S
Mustard–S
Nail polishes–S
Nails–S
Napkins–S
Napkins, sanitary–S
Neatsfoot oil–S
Needles–S
Needles, hypodermic–S
Negative racks–S
Negative tanks–S
Nets, cloth–S
Nets, steel–E
Newspapers–S
Nibbling machines–E
Nickel polishes–S
Noise and field strength meters–E
Notebook covers–S
Notebooks–S
Notebooks, stenographers–S
Nozzles, hose–S
Numbering machines, power–E
Numbering machines, small hand–S
Nuts–S
Oakum–S
Oars–S
Office composing machines, Varitypes–E
Office furniture–E
Ohmmeters–E
Oil–S
Oil cans–S
Oilcloth–S
Ointments–S
Oleomargarine–S
Openers, letter–S
Ophthalmic frames–S
Optical discs–E
Organs–E
Oscillators–E
Oscillographs–E
Oscilloscope–E
Outlets, electrical–S
Outline maps–S
Output meters–E
Ovens–E
Ovenware dishes–S
Oxygen–S
Packing–S
Padding–S
Padlocks–S
Pads, chair–S
Pads, desk–S
Pads, ink–S
Pads, stamp–S
Pads, typewriter–S
Pads, writing–S
Pails–S
Paint drier–S
Paint remover–S
Paint spraying outfits–E
Paintbrushes–S
Paints–S
Palettes–S
Pamphlets–S
Pans, large–E
Pans, small–S
Pantographs–S
Paper–S
Paper clips–S
Paper cups–S
Paper cutters–E
Paper fasteners–S
Paper napkins–S
Paper punches–S
Paper towels–S
Paraffin–S
Parts, automotive–S
Parts, radio, resistors, tubes, transformers–S
Parts, repair–S
Paste–S
Paste brushes–S
Pasteboard–S
Pasteboard boxes–S
Pastries–S
Pastry cutters–S
Patching compounds–S
Patterns–S
Paving–I
Peat moss–S

Peelers, electrical–E
Peelers, hand–S
Pen points–S
Pencil sharpeners–S
Pencils–S
Pencils, mechanical–S
Penetrometers, soil–E
Penholders–S
Penknives–S
Pennants–S
Pens–S
Percolators, coffee, electric–E
Perforators, large–E
Perforators, small–S
Periodicals–S
Permanent waving machines–E
Pestles–S
Phonograph needles–S
Phonograph record albums–S
Phonograph records–S
Phonographs–E
Photocopying apparatus–E
Photoelectric cells–S
Photoengraving apparatus–E
Photograph mounts–S
Photographic lenses–S
Photographs–S
Photometers–E
Piano parts–S
Pianos–E
Picks–S
Picture frames–S
Picture wire–S
Pictures, small–S
Pictures, wall, large–E
Pigments–S
Pillows–S
Ping-pong sets–S
Pinking shears–S
Pins–S
Pipe–S
Pipe dies, in sets–E
Pipe dies, not in sets–S
Pipe fittings–S
Pipe, steel–S
Pipettes–S
Piston rings–S
Pistons–S
Pitchers–S
Pitch pipes–S
Pitchforks–S
Plane cutters–S
Planers, power–E
Planes, hand–S
Planing machines, photoengravers–E
Plaques, permanent–E
Plarimeters–E
Plaster–S
Plaster, adhesive–S
Plastic wood–S
Plate glass–S
Plates–S
Plates, addressing machine–S
Plates, battery–S
Plates, bench–E
Plates, book–S
Plates, hot–E
Plates, lantern slide–S
Plates, photographic–S
Platforms–E
Playground equipment, fixed–I
Playground equipment, movable–
Playground surfacing–I
Pliers–S
Plows, field–E
Plows, snow–E
Plugs, drain–S
Plugs, spark–S
Plumbing and heating valves–S
Plumbing fixture fittings and trim–S
Plumbs–S
Plungers, drain–S
Pockets, book–S
Pointers–S
Points, drill–S
Polarimeters–E
Polariscopes–E
Poles–S
Poles, climbing–S
Poles, vaulting, bamboo–S
Poles, vaulting, metal–E
Polishes–S
Portfolios, leather–S
Postal meters–E
Posters–S
Posts–S
Posts, fixed–I
Pot cleaners–S
Potato peelers, large, machine–E
Pots, large–E
Pots, small–S
Pottery–S
Powders–S
Power sprayers and dusters–E
Preservatives–S
Presses, arbor–E
Presses, book, bookbinders–E
Presses, cylinder, flat bed, printing–E
Presses, engraving–E
Presses, letter–E
Presses, lithographic or offset printing–E
Presses, mechanical–E
Presses, power–E
Presses, punch, foot power–E
Pressure cookers–E
Printed materials–S
Printing cases–E
Printing frames–E
Printing ink–S
Printing materials–S
Printing presses–E
Printing sets, rubber–S
Printing type–S
Prisms–S
Projectors–E
Protectors, check–E
Protractors–S
Pruners, hand–S
Pruners, power–E
Psychrometers–S
Public address systems, installed–SS
Public address systems, portable–E
Pulleys–S
Pumice–S
Pumps, large–E
Pumps, small–S
Punches–S
Punches, electrical–E
Push buttons–S
Pushcarts–E

Putty–S
Pyrometers–E
Quivers, arrow–S
Rackets, badminton–S
Rackets, tennis–S
Racks, bicycle, fixed–I
Racks, bicycle, portable–E
Racks, large stand–E
Radio receiving sets–E
Radio transmitters–E
Radio tubes–S
Radios–E
Raffia–S
Rags–S
Rakes, garden–S
Rakes, window–E
Rams, hydraulic–E
Ranges, cooking–E
Rasps–S
Rattan–S
Reamers–S
Receptacles–S
Record books–S
Record forms–S
Record players–E
Recorders, sound–E
Recording tape and wire–S
Records, phonograph–S
Reeds–S
Reels, hose–S
Reels, motion picture film–S
Reference books–E
Reflectors, parabolic–S
Refracting apparatus–E
Refrigerators–E
Registers, cash–E
Registers, printed–S
Regulating valves–S
Regulators, voltage–S
Relief maps–S
Repair parts–S
Report forms–S
Resistors–S
Respirators–S
Retorts, glass laboratory–S
Rheostat–E
Ribbons, adding machine–S
Ribbons, addressing machine–S
Ribbons, cloth–S
Ribbons, typewriter–S
Ringtoss game–S
Rings, boxing–E
Rings, carrom–S
Rings, flying–E
Rings, key–S
Rivets–S
Robes–S
Rock, crushed–S
Roller bearings–S
Rollers, ink–S
Rollers, lawn–E
Roofing materials–S
Rope–S
Rosin–S
Rottenstone–S
Rouge–S
Routers–E
Routers, plate, photoengraving–E
Rowboats–E
Rubber bands–S
Rubber goods–S
Rubbish cans–S
Rugs, room size–E
Rugs, scatter–S
Rulers–S
Rules, shrink and circumference–S
Saccharimeters–E
Safes–E
Safety belts, window-working–S
Safety glass–S
Safety pins–S
Salts–S
Sand–S
Sanders, electric–E
Sandpaper–S
Sandwich boards–S
Sanitary napkins–S
Sanitary systems–SS
Sash, combination screen and storm–S
Sash cords–S
Sash, screen–S
Sash, storm–S
Saucers–S
Saw blades–S
Saw frames–S
Sawdust–S
Sawhorses–E
Saws, band–E
Saws, circular–E
Saws, hand–S
Saws, power–E
Saws, power hack–E
Scales, beam balance–E
Scales, draftsmens–S
Scales, spring–S
Scalpels–S
Scissors–S
Scoop shovels, hand–S
Scouring powders–S
Scrapers, hand–S
Screen doors–S
Screens, projection, built-in–BF
Screens, projection, movable–E
Screens, window–S
Screw extractors–S
Screw eyes–S
Screw hooks–S
Screwdrivers–S
Screws–S
Scrubbing compounds–S
Scrubbing machines–E
Scythes–S
Sealers, envelope, mechanical–E
Seasonings–S
Seats–E
Sectional bookcases–E
Sedatives–S
Seed, grass–S
Separators, battery–S
Separators, milk–E
Serums–S
Serving trays–S
Settees–E
Sewer systems–I or SS
Sewing machines–E
Shades, window–BF
Shakers, laboratory–E
Shakers, power–E
Shampoo–S
Shapers, bench and floor–E
Shapers and routers–E
Sharpeners, electrical–E
Sharpeners, pencil–S
Shears, hand-operated–S
Shears, power-operated–E

Sheaves–S
Sheet metal–S
Sheet music–S
Sheeting–S
Shellac–S
Shelves, kiln–S
Shelving–BF
Shelving materials–S
Shingles–S
Shock absorbers–S
Shoes and boots–S
Shopcoats–S
Shorthand writing machines–E
Shovels, hand–S
Shower fittings–S
Shrubs–I
Shrubs–S
Shuffleboard sets–S
Shuttlecocks–S
Sidewalks–I
Siding, sheet metal–S
Sifters–S
Signs, large–E
Signs, small–S
Silk screen printing apparatus, complete units–S
Silver polishes–S
Silverware–S
Sink fittings–S
Skeletons–E
Skillets–S
Skis–S
Slats–S
Sledgehammers–S
Slicers, bread, mechanical–E
Slide rules–S
Slides, lantern–S
Slides, microscope–S
Slides, projector–S
Snaps–S
Sneakers–S
Snips–S
Snow shovels, hand–S
Soap dispensers–S
Soaps–S
Soccer balls–S
Soccer shoes–S
Socket wrench sets–E
Sockets, wrench–S
Socks, pairs–S
Soda, baking–S
Sodding–S
Softballs–S
Softeners, water, chemical–S
Soil–S
Soil penetrometers–E
Soil test molds–E
Soldering coppers–S
Soldering materials–S
Solvents–S
Sound recorders–E
Sound systems–SS
Spades–S
Spading forks–S
Spark plug cleaning machines–E
Spark plugs–S
Spatulas–S
Specimens, laboratory–S
Spectroscopes–E
Sphygmomanometers–E
Spikes–S
Spirits–S
Spirometers–E
Splints–S
Spokes–S
Spokeshaves–S
Sponges–S
Spoons–S
Spotlights–S
Spray mixtures–S
Sprayers, hand–S
Sprayers, power–E
Spreaders, manure–E
Spreaders, tire–E
Spreads, bed–S
Springs–S
Springs, furniture–S
Sprinklers, lawn, movable–S
Sprinklers, lawn, traveling–E
Sprinkling systems, lawn–I
Sprockets–S
Squares–S
Squeegees–S
Stacks, book–E
Stadia rods–E
Stadiometers–E
Staff liners, music–S
Stain removers–S
Stains–S
Stakes–S
Stamp pads–S
Stamping machines, power–E
Stamping machines, small hand–S
Stamps, rubber–S
Standards, jump–E
Stands, calendar–S
Stands, chart–E
Stands, dictionary–E
Stands, engine repair–E
Stands, umbrella–E
Staplers, foot- or power-operated–E
Staplers, small hand–S
Staples–S
Starch–S
Starters, electric–S
Stationery–S
Statuary–E
Steam vapor cleaners–E
Steam packing–S
Steel measuring tapes–S
Steel, sheet–S
Steel wool–S
Stencil correction fluid–S
Stencils–S
Stenographers notebooks–S
Stereoscopes–E
Sterile gauze–S
Sterilizers–E
Sticks, composing–S
Sticks, hockey–S
Stilts, sport–S
Stitchers–E
Stock records–S
Stockings–S
Stones, printers–E
Stools–E
Stop watches–S
Stoppers–S
Stops, bench–S
Storage batteries–S
Storm drain systems–I
Stoves–E
Straightedges–S
Strainers–S
Straws, drinking–S
Stretchers–S

Strings–S
Striking bag outfits–E
Styluses–S
Sunglass frames–S
Sunglasses–S
Supply cases–E
Supporters, athletic–S
Surface hardened blocks–S
Surgical instruments, small–S
Surgical powders–S
Swages–S
Sweepers, carpet, electric–E
Sweepers, hand–S
Switch boxes–S
Switches, electric–S
Synchronizers, camera–S
Syringes–S
Syrup–S
Table protectors–S
Table tennis balls–S
Table tennis rackets–S
Tablecloths–S
Tableware–S
Tables–E
Tables, computing–S
Tablets, medicinal–S
Tablets, writing–S
Tabs, index–S
Tabulating machines–E
Tack hammers–S
Tackling dummies, football–S
Tacks–S
Tags–S
Talcum powder–S
Tanks, bulk storage–E
Tape–S
Tape measures–S
Tapes, measuring–S
Taps–S
Tar roofing and siding–S
Targets, archery–S
Team uniforms–S
Telephone systems–SS
Television cameras–E
Television sets–E
Television tubes–S
Tennis balls–S
Tennis court nets, cord–S
Tennis court nets, steel–E
Tennis rackets–S
Tents, wall–E
Tents, shelter–S
Terminals, battery–S
Test tube brushes–S
Test tube racks–S
Test tubes–S
Tests, achievement–S
Textbooks–S
Theatrical costumes–S
Theodolites and tripods–E
Thermographs–E
Thermometers–S
Thermostats–S
Thimbles–S
Thinners–S
Threads–S
Throat applicators–S
Thumb tacks–S
Tickets–S
Tile, drain–S
Time clocks, watchmens–E
Timers, large–E
Timers, small–S
Tin cans–S
Tin cutters–S
Tinware–S
Tire chains–S
Tires and tubes–S
Tissues, cleansing–S
Toasters, electric–E
Toggle bolts–S
Toilet paper–S
Tokens–S
Tongs–S
Tongue depressors–S
Tool sets, hand–E
Tools, hand, not in sets–S
Tools, power–E
Topsoil–I
Tow bars–S
Towels–S
Toys, large–E
Toys, small–S
Tracing cloth–S
Tracing paper–S
Tractors–E
Trammels–S
Trampolines–E
Transformers, laboratory–S
Transit, engineers–E
Transmissions, integral parts of larger units–S
Transmissions, not integral parts of larger units–E
Transmitters–E
Trays–S
Trees–I
Trees, hall–E
Triangles, drafting–S
Trimmers, hedge, hand–S
Trimmers, hedge, power–E
Tripods–E
Trophies–S
Trowels–S
Truck chassis–E
Trucks, hand–E
Trucks, motor–E
Tubes, inner–S
Tubes, radio–S
Tubes, television–S
Tubing materials–S
Tumblers, glass–S
Tuning forks–S
Tunnels, models, wind–E
Turf–I
Turpentine–S
Tweezers–S
Twine–S
Type cases–E
Type casting machines–E
Type cleaner–S
Type liners–S
Type, matrix–S
Type, printing–S
Typewriter brushes–S
Typewriter covers–S
Typewriter desks–E
Typewriter ribbons–S
Typewriters–E
Umbrella stands–E
Unguents–S
Uniforms–S
Upholstering materials–S
Urns, coffee–E
Urns, flower–S
Utensils–S
Vacuum bottles–S

Vacuum cleaners–E
Vacuum tube voltmeters–E
Valve parts–S
Valves, large, automatic–E
Valves, small–S
Vaporizers, electric–S
Varnish driers–S
Varnish removers–S
Varnishes–S
Vases–S
Vaulting poles–S
Vegetables–S
Vending machines–E
Ventilating systems–SS
Vessels, large–E
Vessels, small–S
Vibrographs–E
Video cameras–E
Video recorders–E
Video tapes–S
Vines–S
Vises, bench–E
Vises, small hand–S
Vision charts–S
Volleyball nets–S
Volleyballs–S
Voltmeters–E
Wagons–E
Wall brushes–S
Wallboard–S
Wallpaper–S
Walls, retaining–I
Washbasins–S
Washcloths–S
Washers and/or dryers–E
Washers, rubber and leather–S
Washers and dryers, photographic–E
Washing machines–E
Washing powders–S
Washtubs–S
Waste, machinists–S
Wastebaskets–S
Watch crystals–S
Watches, stop–S
Watchmens time clocks–E
Water coolers–E
Water, distilled–S
Water glasses–S
Water meters, laboratory type–E
Water softeners–S
Water systems–SS
Watercolor brushes–S
Wattmeters, laboratory type–E
Wavemeters and wave analyzers–E
Wax crayons–S
Waxes, liquid–S
Waxes, paste–S
Waxes, sealing–S
Waxing machines–E
Weaving machines–E
Weighing scales, beam–E
Weighing scales, small spring–S
Weights–S
Welding apparatus–E
Welding rods–S
Wheel straightening apparatus–E
Wheelbarrows–E
Wheels, automobile–S
Wheels, emery–S
Wheels, pottery–E
Whetstones–S
Whiskbrooms–S
Whistles–S
Window glass–S
Window screens–S
Window shades–S
Window-working safety belts–S
Wipers–S
Wire–S
Wood fillers–S
Wood, plastic–S
Wood preservatives–S
Wood stains–S
Wool–S
Wool, glass–S
Wool, steel–S
Work benches–E
Work tables–E
Wrapping paper–S
Wrenches, in sets–E
Wrenches, not in sets–S
Wringers, cloth–S
Wringers, mop, large–E
Wringers, mop, small–S
Writers, check–E
Writing paper–S
X-ray machines–E
Yard benches–E
Yard brooms–S
Yardsticks–S
Yarn–S
Zinc–S

Part V

Stores System Procedures, Controls, and Accounting

A central stores system enables a school district to take advantage of the economies of quantity buying and to fill requisitions for standard supplies promptly. However, no set rules can be established to determine when it would be to the best interest of a school district to adopt a stores system. Availability of material, facilities for storing and delivering merchandise, and the size and number of plants in a school district all must be taken into consideration. Costs of receiving, storing, and delivering stock items, as well as costs of stock control, should be included in the total cost of a stores system (as compared to the cost of direct purchasing) in deciding on the desirability of the stores system.

Optional Methods of Financing, Accounting, and Controlling

Either of two accounting methods may be used:

Stores Account Method

The establishment and maintenance of a stores system by the use of a Stores account carried within the General Fund is a long-established practice. Stores accounts may also be maintained within other funds.

Revolving Fund Method

Education Code sections 21351–21355 authorize and prescribe procedures for the establishment of a revolving warehouse stock fund for school districts. Permission is also given for two or more districts to establish a common revolving fund for this purpose. The amount of the revolving fund shall not exceed an amount from the General Fund of the district or districts equal to the average daily attendance of the district or districts for the next preceding year multiplied by fifteen dollars ($15.00) plus such amounts as the governing board or governing boards may appropriate from other funds of the district or districts, as outlined in Education Code sections 21351–21355.

Types of Supplies in a Stores System

Items purchased for a stores system should be those that are used in sufficient quantity to justify the cost of establishing them as stock items. Initial purchase of a new item should be conservative as to quantity to test its turnover, thereby establishing a basis for determining the quantity needed. Committees composed of users of the various items can be helpful in determining standard items to be warehoused and in encouraging their use. The types of items most frequently stocked are included in the list that follows:

Instructional supplies, including paper, pencils, chalk, paste, art supplies, and the like

Office supplies, including typewriter ribbons, duplicating supplies, desk files, and the like

Custodial supplies

Maintenance supplies, including lumber, small tools, electrical supplies, paints, sandpaper, and the like

NOTE: Many of these items are frequently requisitioned for use in the school shops. Sometimes it is necessary to carry more than one quality of supply for this purpose.

Food and related supplies

Printed forms

Equipment (When it is known that items such as typewriters, scrubbing machines, and the like will be needed in the near future, it is sometimes economical to purchase this equipment in quantity. It is not recommended that equipment items such as these be maintained on a minimum-maximum basis as are items of supply.)

Essentials of a Stores System

The essential features to be provided in connection with the establishment and operation of a stores system are presented in this section.

Devices for Control of Purchases

Provision for numbering, cataloging, and standardizing stock items. Printed catalogs that list all items by stock number, unit of issue, description, and unit cost should be available to all who will requisition them from the warehouse. The catalog should preferably be loose-leaf to allow for replacing pages in the event of substitutions, additions, or deletions.

Provision for the addition or deletion of stock items. A special form may be used to notify all departments concerned of the necessary information regarding the action taken.

Provision for minimizing losses because of obsolescence. Special committees can be helpful in giving information in advance on planned changes in curriculum which will affect the use of supplies already stocked. If it is known that a change is planned, supplies to be discontinued can be allowed to run out without reordering when the stock drops to the minimum.

Control of maximum and minimum stock balances. Care should be exercised in the setting of maximum and minimum quantities. Continual study of stock activity and periodic readjustment of the limits set are required because of such conditions as growth, grade levels of users, changes in curriculum, changes of personnel placing requisitions, storage capacity, and the like. Some items will deteriorate when stored too long; this factor should be considered when placing orders. Very small, inexpensive items should be ordered in adequate supply for anticipated need; more expensive items should be ordered according to conservative estimates of need.

Records of Perpetual Inventory

Individual cards or records that contain the following information should be kept for each item stocked:

1. Identifying stock number
2. Specification of unit of issue
3. Description of item
4. Unit price
5. Posting references: date, document number, and the like
6. Receipts in terms of stock units
7. Issues in terms of stock units
8. Balances on hand in terms of stock units

NOTE: The following additional information on the stock records may be desirable: (1) minimum and maximum quantities to be stocked; (2) reference to vendors from whom stock is purchased; (3) memoranda of orders placed; (4) memoranda of unfilled requisitions; (5) reference to warehouse location of item if the identifying stock number cannot be used for this purpose; and (6) provision for values of receipts, issues, and balances on hand.

Verification by Physical Inventory

Provisions should be made for at least an annual count of all items stocked. This can be done on a cyclical basis with a portion of the total stock inventoried each period. This count should be made by persons other than warehouse personnel. In the event warehouse personnel are used to take the count, the record should be spot-checked by persons other than those responsible for stock. A common practice is for the firm performing the school audit to make the spot checks.

Security Control and System of Internal Checks

In planning the stores system, provisions should be made for adequate security of stock and a system of internal checks. Buildings used for warehouse storage should be as fireproof as possible and should have adequate locks. Only specified personnel should be allowed to issue stock. Preferably, the stock records should be maintained in an office other than the warehouse (stock records are commonly maintained in the accounting or purchasing offices). At inventory time or other periodic checkup time, any difference between the book record and actual quantity count should be investigated and necessary adjustments made.

Planned Procedures for Receiving and Issuing

1. Items to be stocked should be purchased by means of an official district purchase order issued in compliance with the Education Code and the district's policies covering bidding and purchasing. An "on order" notation may be made on the individual stock control records at this point. On receipt of

merchandise, the items should be counted and inspected for condition and compliance with specifications. The signed receiving copy of the purchase order or other receiving document authorizes payment to the vendor and charge of the cost of the merchandise to the Stores account. Either the receiving document or the payment warrant may be used as the basis for entering receipt of stock by quantity and value on the stock control records affected by the purchase.

2. Stores should be issued only upon the authority of a properly approved, prenumbered requisition, which should give the following information:

   Source and date of requisition
   Delivery instructions
   Account or accounts to be charged
   Provision for approvals as to budget, items allowed, quantities, and the like
   Provision for posting reference
   For each item: quantity ordered, unit, stock number, description, unit price, total amount; and on each requisition, columns for noting substitutions, back orders, and the like
   Provision for evidence of receipt and date of delivery. A multiple copy snap-out form is commonly used for warehouse issues, with copies of each transaction going to the requisitioner, the warehouseman, and the recording office. Posting is done from this document to the stock control records.

NOTE: The term *requisition* as used here should be understood to include requisitions, billings, stores invoices, or similar documents for use by certain districts that find it desirable to use additional documents between the time of preparation of the requisition for the materials and the actual delivery of these materials to the school or department requesting them.

Lines of Authority and Responsibility of Personnel

Lines of authority and responsibility should follow a logical plan and be clear-cut and definite.

NOTE: In planning the establishment of a stores system, consideration should be given to the location of the warehouse or warehouses and to the transmittal of documents between the warehouse and the accounting office. The space requirements, physical requirements for proper storage, and arrangement of stock items should be determined in advance. Stored items should be arranged when possible in an order corresponding to their order on standard supply lists.

Accounting for a Stores System

Accounting for a stores system may be done by employing (1) the stores account method; or (2) the revolving fund method.

Stores Account Method

The stores account method provides for the establishment of a Stores account within the General Fund. Stores accounts may also be established within other funds of the district. Payments for the purchase of stores are not classified as expenditures; these payments constitute an increase of the asset account, Stores, equal to the reduction in another asset account, Cash in County Treasury. The issuance of stores should be recorded as a reduction of the asset account, Stores, and as a charge to the appropriate expenditure account for which the stores were issued. Such accounting may be continuous, or summaries of stores issuance may be made periodically, preferably at least monthly, and the total credited to the Stores asset account. Charges to the various expenditure accounts for which the stores were issued would be made at this time in summary. To the extent that the county superintendent of schools maintains corresponding records, summaries of the issuance of stores should be reported to the county superintendent of schools periodically. The remainder of the Stores account should represent the inventory value of merchandise in the warehouse.

When goods are purchased for stores without the use of a revolving fund, budget control of expenditures occurs at the time of issuance of such merchandise and not at the time of purchase. Uncontrolled purchasing may result in an unnecessary and excessive investment in stores and a serious depletion of cash needed for other budget purposes. The establishment of the Stores account should follow, not precede, the budgetary authorization, which is made by entry of the intended amount in the budget under Ending Balance. Once established, the actual balance of the Stores account should appear in the budget under Beginning Balance; and the same amount, or a deliberately chosen larger or smaller amount, should be entered under Ending Balance. Procedures for the control of purchases should be established so that, considering existing inventory and carefully prepared estimated distributions, an ending inventory will not exceed the investment in stores as indicated in the budget.

Revolving Fund Method

A revolving fund is a separate fund established in accordance with Education Code sections 21351–21355. Payments for purchases of stores are made by warrants drawn on the Revolving Fund for Warehouse Stock. The school district buys merchandise from the fund and makes payments by warrants drawn payable to the Revolving Fund for Warehouse Stock. The county treasury is the depository for cash. This revolving fund plan provides a semiautomatic control of the amount invested in stores.

Accounts for the Revolving Fund for Warehouse Stock include Cash in County Treasury, Accounts Receivable, Stores, Current Liabilities, and Reserve for Working Capital. These accounts are self-balancing because the initial value of the fund remains constant unless changed by board action. The balances in the accounts always reflect a fixed amount, whether it be in stock or cash or a combination of both, including receivables and liabilities. The same fixed amount shall be recorded at year-end on official budget forms and reports under the Stores account as a part of Beginning Balance and Ending Balance.

Typical Costs of Receiving, Warehousing, and Distribution in Connection with a Central Stores System

Costs of receiving, warehousing, and distributing stores items, in addition to the cost of merchandise, should be charged to the Stores account. These overhead expenses should ultimately be charged to the several expenditure accounts to which merchandise costs are charged in proportion to the costs of the merchandise. The procedure used is not important if the results are equitable. Use of one or more subsidiary expense accounts is common practice.

One method is to add an estimated overhead charge to merchandise unit prices, adjusting it as needed from time to time. This method provides a total unit charge for each item and avoids the possibility of delayed overhead charges to appropriations that have become exhausted.

Another method is to distribute estimated overhead charges to expenditure accounts on an encumbrance basis at the beginning of a fiscal year. Such charges are to be determined on the basis of anticipated stores issues to the several expenditure accounts. At the close of the year, or periodically, the encumbrances may be liquidated and the actual overhead expense charged.

Whatever method is used, overhead charges should be cleared at the end of each fiscal year so that the Stores account will represent only the value of the inventory of material on hand.

Charges and credits to the Stores account and subaccounts should include the costs of receiving, storing, and delivering in addition to the direct merchandise costs (cost of item, sales tax, postage, freight, cartage, and other delivery charges to the warehouse), as follows:

1. Salaries of personnel (storekeeper and others) directly related to the warehouse
2. Supplies used in connection with receiving and warehouse recordkeeping.
3. Rent of space, facilities, and equipment
4. Utilities
5. Direct expense of trucking
   a. Gas and oil
   b. Grease
   c. Repairs
   d. Tires and tubes
   e. Accessories
   f. Other expenses

   NOTE: When trucks are used for several purposes other than the delivery of stores, such costs may be distributed by job cost accounting or by any other equitable method.
6. Adjustments to Stores account

   Periodically, or at the end of the fiscal year, it may be necessary to adjust the Stores account, after proper administrative review and approval, for reasons and in the manner described below.

   a. Discrepancies between the quantity of items as shown on the individual stock records and the actual physical count of merchandise in the warehouse may result from errors in stock issues or in the maintenance of perpetual inventory records. Such discrepancies must be adjusted on the individual stock records and will result in a debit (increase) or credit (decrease) to the value of the Stores account.

b. Differences also may occur between the balance of the Stores account and the value of merchandise on hand, as shown on the individual stores records, resulting from the method of unit pricing employed. Adjustments for this reason will result in a debit (increase) or credit (decrease) to the value of the Stores account.

c. Periodically, stock must be removed from the warehouse because of deterioration, obsolescence, and the like. Either the regular warehouse requisition or a special form may be used. This form should be approved by someone with authority to authorize the disposition of such merchandise. Value of the stock removed should be charged to a subaccount under Stores, to be included in other costs of overhead for future distribution to expenditure accounts. Individual stock records should be adjusted to reflect these issues.

Part VI

General and Subsidiary Ledger Accounting

The inclusion of general ledger accounting in this manual is not to be construed as a requirement that such accounting be employed by school districts or that other accounting methods and procedures now in force be modified. It is, however, recommended that general ledger accounting be used. Such a system will provide the data and controls needed for efficient administration. The procedures recommended are fully in harmony with the law and the requirements of the California State Department of Education with respect to budgeting, accounting, and reporting.

This treatment of general ledger accounting was prepared especially for accounting by school districts; but with the exception of a few portions, it is applicable to the accounting of most county school funds.

Definition of General Ledger Accounting

A *general ledger* is a basic group of accounts in which are recorded in summary or in detail all transactions of a fund. Each fund should have its own records, including a self-balancing general ledger and subsidiary ledgers as needed, regardless of how small or brief such ledgers may be. This should not be construed as necessitating separate binders for looseleaf ledger pages or separate trays for machine-posted ledger sheets; the physical separation achieved by division leaves or guides is sufficient if the self-balancing principle is maintained for each portion.

General and Subsidiary Ledgers

Ledgers are comprised of accounts. An *account* is a device, usually a separate page, sheet, or card for the accumulation of debit and credit postings and the determination of the excess of debits or credits, known as the debit or credit balance, respectively. Accounts usually provide for the columnar showing of date and posting reference and often for some description of each posting. Accounts usually have separate columns for debits, credits, and balances.

All accounts may be carried in a single ledger. Proof of the accuracy, completeness, and balanced condition of accounting can be achieved by trial balance, which should be taken frequently, at least monthly. Other means of verifying account balances should be utilized regularly. For example, the balance of the account, Cash in County Treasury, should be reconciled with the records of the county superintendent of schools or of the county auditor on a regular, periodic basis. (The county treasurer's records normally show a larger balance, the difference representing warrants not yet honored by him.) The account, Revolving Cash Fund, can be verified by making a count of cash and receipts for disbursements. Other accounts are susceptible to proofs of various kinds. These checks or proofs should be employed regularly.

Most of the accounts named here are likely to be needed by most school districts. However, certain accounts may be found to be of little use to some small school districts. On the other hand, there are specific divisions of certain accounts that will be found useful in the large city school districts. As an example, large districts employ workmen for maintenance, alteration, and minor construction work. Proper accounting of labor and material for job accounts and work orders each fiscal year requires the use of a Work in Process account or similarly named account, the accounting for which should be on the encumbrance basis.

If the accounts in a ledger become too numerous, it is more difficult to apply the trial balance proof. Accounts of a similar nature are removed to a subsidiary ledger with substitution of a single controlling account in the General Ledger. Only two subsidiary ledgers with controlling accounts are explained in detail in this manual. Other examples of controlling accounts for which subsidiary ledgers (or supporting detail of a comparable nature) should be maintained include the following: Accounts Receivable, Investments in U.S. Securities, Stores, Prepaid Expense, Fixed Assets (four kinds of property), Current Liabilities, and Reserve for Encumbrances.

Accounts pertaining to income may be maintained in the General Ledger. Analysis by source should parallel generally the pattern of the school district budget form, which is furnished by the Department of Education for use in California public schools, using an account for each source. A subsidiary ledger is often found desirable. Each account should contain two parts–actually two accounts. The first part, requiring a small portion of the form, should be employed for estimated income only. The second part, occupying the larger portion of the form, should be employed for actual income only. The amount by which estimated income balance (debit) exceeds the actual income balance (accumulated credits for the year to date) represents *unrealized income;* that is, the anticipated amount for the remainder of the fiscal year. Actual income in excess of estimated income signifies an underestimate. Information accumulated in the income ledger accounts and in reports prepared from these accounts is of vital importance in administration. It deserves close attention month by month and year by year. The two portions of the several income ledger accounts are controlled by General Ledger accounts, Estimated Income and Income.

Accounts pertaining to appropriations and expenditures may be maintained in the General Ledger only. However, the required classes of expenditure, without consideration of the recommended subordinate classes, are sufficiently numerous to justify the establishment of a subsidiary ledger. Furthermore, the statutory requirement for appropriation control of expenditure is facilitated by use of a special form which is not suitable for General Ledger accounts. This subsidiary ledger is usually called an Appropriation Ledger. Its accounts, as in the case of the Income Ledger, contain a minimum of two parts, a small portion for appropriation (credit) and a larger portion for expenditures (debit). Expenditures are limited by appropriations, by law with respect to the major classes of expenditure, and by standard practice with respect to subordinate classes.

Expenditures are classified in two ways within the subsidiary ledger: in detail by program and in summary by object of expenditure. For example, instructional supplies would be posted to each using program, then subtotaled to the object account for control. The total of all of the object accounts (or thus the detailed programs) would support the subsidiary entry in the General Ledger.

Every proposed expenditure should be compared with the unencumbered balance (appropriation minus expenditures and encumbrances) of the proper account to determine whether the balance is adequate. Expenditures include not only those items for which payments have been made but also those that have become current liabilities. Regardless of the exact plan of accounting, there often are appreciable delays between the time that goods or services are received and the time that the expenditure posting is made. Furthermore, the interval between authorization and consummation of an expenditure may be even greater. For these reasons, recognition must be given to all outstanding commitments against each appropriation account when considering expenditures. This is accomplished fairly easily and satisfactorily by informal methods in relatively small districts. In large school districts, the encumbrance accounting method is generally used so that each proposed expenditure is compared with the unencumbered balance (appropriation minus expenditures and encumbrances.) The Appropriation Ledger accounts are controlled by General Ledger accounts designated as Appropriations, Expenditures, and Encumbrances, respectively.

Transfers for tuition and the like are not classed as expenditures in the strict meaning of the term; however, transfers should be accounted for in the Appropriation Ledger. Appropriation for

Contingencies is an appropriation that should be carried in the Appropriation Ledger although no expenditures should ever be charged to that category. General Reserve should be a General Ledger account only. Stores is a General Ledger account.

Appropriation control is not necessarily maintained for all of the subordinate accounts for which expenditure analysis is desired.

It should be recognized that the accounting of income and of expenditures, as currently practiced in most districts, is on a cash basis during most of each fiscal year. At the close of each fiscal year, modification of a cash record is required by the entry of *current liabilities,* which represent expenditures incurred during the fiscal year. Similarly, at the end of the year, entry of *accounts receivable,* which represent income accrued during the fiscal year, is required. It should be noted that not all income that has theoretically accrued is required to be entered as receivable. For example, taxes levied but uncollected are not required to be set up as receivable for the preparation of state reports. Since a considerable part of the accounting is very nearly on a cash basis and since the year-end modifications do not constitute the full accrual of certain income, the term *modified cash basis* may be employed as descriptive of school accounting practices as currently authorized.

Standard commercial forms including those for both general and subsidiary ledgers as well as specialized forms such as those for the Appropriation Ledger are suitable in many cases for either manually or machine-posted accounts.

General Ledger Accounts

All General Ledger accounts commonly required for public school accounting are listed here in the following Chart of Accounts. While all of these accounts are pertinent to the General Fund, they also may be applicable to the several other funds which a district may maintain. Brief explanations concerning the use of the accounts are given in each case, and in some cases comments regarding the significance of debit or credit balances of such accounts are also included.

Certain accounts, such as Revolving Cash Fund, Cash Collections Awaiting Deposit, Investments in U.S. Securities, Accounts Receivable, Stores, and Prepaid Expenses, are provided especially for use by large school districts and may be omitted by small districts if they are not needed.

Chart of Accounts

		Normal balance
	Assets	
9110	Cash in County Treasury	Dr
9120	Cash in Bank(s) (Education Code sections 5758 or 7405 only)	Dr
9130	Revolving Cash Fund (Education Code sections 21301–21305)	Dr
9140	Cash Collections Awaiting Deposit (Education Code sections 17152–17207)	Dr
9150	Investments in U.S. Bonds at Cost (Education Code Section 17203)	Dr
9160	Accounts Receivable	Dr
9170	Due from Other Funds	Dr
9210	Stores	Dr
9220	Prepaid Expenses	Dr
9300	Other Current Assets	Dr
9310	Assets Frozen	Dr
9400	Fixed Assets	Dr
	Liabilities	
9510	Accounts Payable (Current Liabilities)	Cr
9520	Due to Other Funds	Cr
9530	Temporary Loans	Cr
9540	Deferred Income	Cr

	Reserves		
9610	Reserve for Working Capital		Cr
9620	Reserve for Encumbrances		Cr
9630	General Reserve		Cr
9690	Investment in Fixed Assets		Cr
	Fund balances		
9710	Unappropriated Fund Balance		Cr
	Budgetary and control accounts		
9810	Estimated Income	Dr	
9820	Appropriations		Cr
9830	Encumbrances	Dr	
9840	Income		Cr
9850	Expenditures	Dr	
	Nonoperating accounts		
9910	Suspense Clearing	Dr	

Definitions of, and explanatory notes about, the accounts listed in the Chart of Accounts follow:

9000 Assets, Liabilities, and Fund Balances

9100 *Cash, Investments, and Receivables*

9110 *Cash in County Treasury.* Beginning cash balance, plus all monies deposited in the county treasury less disbursements. Included herein are all amounts added or deducted at the county level.

9120 *Cash in Bank(s).* Indicated balances in separate bank accounts for Adult Education Incidentals, School Farm accounts, and Cafeteria accounts if maintained by the district (Education Code sections 5758, 7405, and 17053).

9130 *Revolving Cash Fund.* (1) A recording of the establishment and maintenance of a cash fund for the use of the chief accounting officer or other designated official of the district in accordance with Education Code sections 21301–21305, 21320, 21330 and 21331. This fund is similar in use and control to accounts known as Petty Cash. Once this fund is established, it should be carried indefinitely in the General Ledger and shown in all balance sheets and budgets until abolished. The amount recorded will vary only through increase or decrease in the total amount approved for the fund. It should be noted that the Revolving Cash Fund is a reservation of cash within an already established school fund and is not to be considered or accounted for as a separate fund or entity. (2) A sum of money, either in the form of currency or a special bank account, set aside for the purpose of making change or immediate payments of small amounts. The invoices for these payments are accumulated and the fund is reimbursed from district funds, thus maintaining the fund at the predetermined amount.

9140 *Cash Collections Awaiting Deposit.* Receipts not yet deposited in the county treasury. This account also includes any monies in bank clearing accounts awaiting deposit in the county treasury (Education Code Section 17204).

9150 *Investments in U.S. Bonds.* Securities issued by the United States Government in which money is invested. Investments are to be carried on books at cost (Education Code Section 17203).

9160 *Accounts Receivable.* Amounts due from private persons, firms or corporations, or governmental units, excluding amounts due from other funds of the district. Included are amounts billed but not received.

9170 *Due from Other Funds.* Amounts due from other funds of the district.

9200 *Stores, Inventories, and Prepaid Expenses*

9210 *Stores.* Amounts of materials, supplies, and possibly certain equipment kept in a central warehouse and not yet charged to expenditures (see Part V of this manual).

9220 *Prepaid Expenses.* Amounts of payments made in advance of the receipt and utilization of services. Prepaid insurance premiums are illustrative. That portion of the premium paid in advance for coverage beyond the current fiscal year is charged to Prepaid Expenses. Adjustments to this account in the succeeding fiscal years apportion the premium over the period covered.

9300 *Other Current Assets.* Assets that are available or can be made readily available to meet the cost of operations or to pay current liabilities.

9310 *Assets Frozen.* Funds withheld until certain legal requirements are met (e.g., funds withheld under provisions of Education Code Section 17503).

9400 *Fixed Assets.* Assets of a permanent character having continuing value; e.g., land, buildings, machinery, furniture, and other equipment. The term *capital assets* is sometimes used in the same sense, but *fixed assets* is preferred.

9410 *Land*

9420 *Improvement of Sites*

9430 *Buildings*

9440 *Equipment*

(Refer to object classification 6000 for definitions of the above four accounts.)

9450 *Work in Progress.* An asset representing the value of partially completed work.

9500 *Liabilities.* Legal obligations, exclusive of encumbrances, that are unpaid.

9510 *Accounts Payable or Current Liabilities.* Amounts due to private persons, firms, corporations, or governmental units for services or goods received prior to the end of the fiscal year, excluding amounts due to other funds of the district. Included are unpaid salaries and payroll deductions not yet remitted. Accounts payable refers to amounts that are due and payable within a relatively short period of time, usually not longer than a year.

9520 *Due to Other Funds.* Amounts due to other funds within the district.

9530 *Temporary Loans.* Short-term obligations representing amounts borrowed for short periods of time and usually evidenced by notes payable. They may be unsecured or secured by specific revenues to be collected, such as tax anticipation notes.

9540 *Deferred Income.* A liability account for monies received that are unearned at a given date, but that will be included in income, as earned, in subsequent periods.

9600 *Reserves*

9610 *Reserve for Working Capital.* An account set up to reflect the value of working capital accounts such as Stores, Prepaid Expenses, and Revolving Cash Fund. At the beginning of the fiscal year, this account is credited with the same amounts set up as debits to the previously described asset accounts. At the close of the year, it is adjusted to reflect the net increase or decrease during the year in these amounts.

9620 *Reserve for Encumbrances.* A reserve set up out of appropriations. The encumbrance procedure may be either a memorandum or a formal procedure. Under the memorandum procedure, only one account, Reserve for Encumbrances, is required. During the year this account is a reserve set up out of appropriations. At year-end the outstanding orders may be recorded as a reservation of surplus. Under the formal procedure, a second account, Encumbrances, is needed. The encumbrance is an offset to the appropriation account and may be closed against the account at year-end.

9630 *General Reserve.* An account in which the budgeted reserve is recorded, necessary so that cash may be made available during that period of the fiscal year when taxes and state funds have not yet become available (Education Code Section 20604).

9690 *Investment in Fixed Assets.* The book value of fixed assets.

9700 *Fund Balance.* The difference between assets and liabilities.

9710 *Unappropriated Fund Balance.* That portion of a fund balance that is not segregated for specific purposes. All assets and estimated income available for appropriation are credited to this account. General Reserve, budgeted appropriations, and other obligations are debited. The net value of the account represents the unappropriated fund balance.

9800 *Budgetary and Control Accounts*

9810 *Estimated Income.* All income estimated to accrue during a given period whether it is all collected during that period or not. This account will be a separate control account in the General Ledger and will include all income estimated to accrue during the current fiscal year.

9820 *Appropriations.* Authorization granted by the Board to make expenditures and to incur obligations for specific purposes and amounts within a given period. This account represents the total of the authorizations and is used as a control account in the General Ledger.

Details are recorded in the subsidiary Appropriations Ledger; as encumbrances and expenditures are made, they are charged against appropriations in the subsidiary Appropriations Ledger, leaving as a balance the amount that may still be encumbered and expended.

A portion of the current fiscal year's appropriation that is not appropriated for any specific purpose but is held subject to intrabudget transfer may be recorded in an account titled Appropriation for Contingencies. This subsidiary account will be closed at year-end in the same manner as all other appropriation accounts. This appropriation is used only for emergency transactions that were not anticipated in the original budget process.

9830 *Encumbrances.* Obligations in the form of purchase orders, contracts, salaries, or other commitments that are chargeable to an appropriation and for which a part of the appropriation is reserved. Encumbrances are liquidated when the obligation is paid or when the actual liability is set up. This control account represents the total amount of the appropriations that has been earmarked for expenditure for specified purposes.

Details of encumbrances by classification or account are recorded in the same subsidiary Appropriations Ledger in which expenditures are recorded.

9840 *Income.* Additions to cash or other current assets that do not reduce any other asset, nor increase any liability or reserve, nor represent the recovery of an expenditure. To the extent that the accounts are kept on an accrual basis, the term *income* refers to all income that accrues during a given period whether it is collected during the period or not. This account will be a separate control account in the General Ledger.

9850 *Expenditures.* A control account that includes total expenditures by warrants as well as amounts deducted at the county level. If accounts are maintained on an accrual basis, all charges incurred, whether paid or not, are included. For accounts maintained on a cash basis, only actual disbursements are included.

Details of expenditures by classification or accounts are recorded in the subsidiary Appropriations Ledger.

9900 *Nonoperating Accounts*

9910 *Suspense Clearing.* An account that carries charges or credits temporarily pending to the determination of the proper account or accounts to which they are to be posted and that may be used for posting of amounts not yet analyzed to decide if they should be income, expenditure, or abatement. Charges that must be allocated or prorated may be posted in this account until such allocation or proration can be calculated. This account must zero balance at the close of the fiscal year and should be reviewed monthly.

General Ledger Procedures

Certain procedures should be followed in opening and maintaining the General Ledger.

Opening the General Ledger

In opening the General Ledger for the first time, care should be taken to use the proper accounts and amounts. These are usually available from either the county superintendent of schools or the county auditor.

Determining Asset, Liability, and Unappropriated Fund Balance values. One of the first steps in opening the General Ledger is to list each fund's assets by title and amount with the total, as in the following example:

Account	*Assets*	
9110	Cash in County Treasury	$100,042.67
9120	Cash in Bank	0
9130	Revolving Cash Fund	500.00
9140	Cash Collections Awaiting Deposit	24.17
9150	Investments in U.S. Bonds	0
9160	Accounts Receivable	1,597.88
9170	Due from Other Funds	694.39

9210	Stores	$ 0
9220	Prepaid Expenses	1,572.38
9310	Assets Frozen	0
	Total assets	$104,431.49

A similar list is then made of the fund's liabilities:

Account	*Liabilities*	
9510	Accounts Payable	$9 763.45
9520	Due to Other Funds	113.18
	Total liabilities	$9,876.63

Now the total liabilities are subtracted from the total assets and the difference is labeled Unappropriated Fund Balance in this manner:

Account		
	Total assets	$104,431.49
	Less: total liabilities	9,876.63
9710	Unappropriated Fund Balance	$94,554.86

This information is now used to prepare an opening journal entry. This opening entry is usually made on a form known as a General Journal Entry Form, listing accounts affected and showing in separate columns the amounts to be posted later to the General Ledger as debits or credits. A complete file of these forms, either bound in a book or collected in some other file, makes up the General Journal.

Preparing the opening General Journal entry. The opening General Journal entry is made as follows:

J 1:

Date	*Account*		*Debit*	*Credit*
7-1-73	9110	Cash in County Treasury	$100,042.67	
	9130	Revolving Cash Fund	500.00	
	9140	Cash Collections Awaiting Deposit	24.17	
	9160	Accounts Receivable	1,597.88	
	9170	Due from Other Funds	694.39	
	9220	Prepaid Expenses	1,572.38	
	9510	Accounts Payable		$9,763.45
	9520	Due to Other Funds		113.18
	9710	Unappropriated Fund Balance		94,554.86
			$104,431.49	$104,431.49

To record assets, liabilities, and unappropriated fund balance for the first time as of July 1, 1973

Several points should be noted as illustrated in the preceding General Journal entry. First, no account is opened that is not needed. For example, no amount is shown in the original list of assets for Cash in Bank, Stores, or Investment in U.S. Bonds. Therefore, no account was opened for any of these assets. Should a need arise later in the year for any of these accounts, the account may be opened at that time.

The second point to note is that the total of the debit amounts equals the total of the credit amounts. This must always be true of any journal entry. Care exercised at this time in assuring the equality of debit and credit totals will avoid difficulty with the General Ledger later on.

Another point to note is the layout or "form" of the entry itself. The debit accounts and amounts are placed to the left, and the credit accounts and amounts are placed to the right. This is usual bookkeeping practice.

A final point is the description of the entry. This is the explanation of what is being done by means of the entry. In the illustration, the explanation shows that this entry records for the first time the assets, liabilities, and unappropriated fund balance of the fund as of July 1, 1973. Some description is always necessary in a General Journal entry. When at a later time entries are made from other sources such as payroll listings, warrant registers, and the like, explanations are usually unnecessary since the title of the form describes what is being done.

Posting the General Ledger. The General Ledger is posted from the General Journal. The term *posted* means the orderly transcription of the information from one place to another. Each line of the journal is posted to the proper ledger account as either a debit or a credit entry. For example, in the preceding illustration, the first line of the journal entry is "Cash in County Treasury. . . $100,042.67" and is posted to the General Ledger sheet or card as follows:

Account 9110 Cash in County Treasury Page 1

Date	Reference	Debit	Credit	Balance	Dr/Cr
7-1-73	J 1	$100,042.67		$100,042.67	Dr

Note that the entry is made in the debit column and is also entered in the balance column. In this case, the amount of the debit is the same as the balance since there was no previous balance in the account. (Had there been such a balance, this entry would have been added to a debit balance or subtracted from a credit balance and the new balance entered.) Finally, in the last column an entry is made to show that the net balance of this account is a debit (Dr) balance.

Each line of the journal entry is similarly posted until the entire opening entry has been completely transcribed to the General Ledger. Opening of the General Ledger is now complete. At this point a total of nine General Ledger accounts will be open with balances the same as shown in the opening journal entry.

The column in the General Ledger account headed "Reference" is used to show the page or other reference to the source of the entry. In this illustration the entry "J 1" was made to indicate that information for this entry was obtained from the General Journal (abbreviated as "J") and that it was found on page 1. Other references will be developed for other posting sources as they are required. By this method any item in the General Ledger may be traced back to its origin without difficulty.

Recording the Approved Budget–Income

The approved school district budget form provides information for recording the budget in the General Ledger.

Determining values to be entered. The information to be entered is shown in column 3 of the budget form under the heading of Income.

The income section of the General Fund budget might look like this:

I. INCOME

8100 Federal Income

8110 Maintenance and Operation (Public Law 81-874)	$ 2,500
8210 NDEA (Public Law 85-864)	1,000

8500			Combined State and Federal Income	$ 0
8600			State Income	
	8610		Principal Apportionment	
		8611	Basic and Equalization Aid and Supplemental Support	277,528
		8616	Educationally Handicapped	1,148
	8620		Special Purpose Apportionment	
		8622	Allowance for Transportation	7,500
8700			County Income	0
8800			Local Income	
	8810		District Taxes	
		8811	Secured Roll	345,888
		8812	Unsecured Roll	2,700
8900			Incoming Transfers	
	8920		Other Tuition	3,000
			Total Estimated Income	$641,264

Each of the items of estimated income should be accounted for separately so that excess income or income deficiencies may be readily seen. This is accomplished by the use of a group of accounts known as the Income Ledger.

The Income Ledger is a subsidiary ledger. The total of the original estimates entered in this ledger agrees with the total of the General Ledger controlling account, Estimated Income. The subsidiary ledger (Income Ledger) and the General Ledger are both posted from the same journal entry.

The original entry of the approved income budget is subject to adjustment later if income estimates change.

Preparing the journal entry. The General Ledger and subsidiary ledger accounts and the amounts for each are listed in the journal entry as a record of the estimated income, as has been done in the following example:

J 2:

Date	*Account*		*Debit*	*Credit*
7-1-73	9810	Estimated Income	$641,264.00	
	9710	Unappropriated Fund Balance		$641,264.00

Account	*Subsidiary Income Ledger*	
8110	Maintenance and Operation (Public Law 81-874)	$ 2,500.00
8210	National Defense Education Act (Public Law 85-864)	1,000.00
8611	Basic and Equalization Aid and Supplemental Support	277,528.00
8616	Educationally Handicapped	1,148.00
8622	Allowance for Transportation	7,500.00
8811	District Secured Tax Roll	345,888.00
8812	District Unsecured Tax Roll	2,700.00
8920	Other Tuition	3,000.00

To record estimated income for the fiscal year 1973-74 as contained in the official approved budget

Several things should be noted about the preceding journal entry. First, this is a General Journal entry, just like the one used to open the books for the first time. This one, however, also carries the information for posting a subsidiary ledger.

Next, note that this entry is referred to as simply a journal entry, rather than a General Journal entry. This is usual practice. The term *general* is used only when there is a possibility of confusion if it were omitted.

One should also observe the arrangement of the journal entry. The General Ledger amounts are carried in the debit and credit columns, respectively. Subsidiary ledger amounts are carried to the left and do not have the balancing feature of debits and credits. This simply means that the single postings to the individual Income Ledger accounts represent the breakdown of the total shown in the Estimated Income, General Ledger, account.

Posting the General Ledger. The journal entry for recording the approved budget is posted to the General Ledger in the same manner as the journal entry that originally opened the books, as has been done in the following examples:

Account 9810 Estimated Income Page 1

Date	Reference	Debit	Credit	Balance	Dr/Cr
7-1-73	J 2	$641,264.00		$641,264.00	Dr

Account 9710 Unappropriated Fund Balance Page 1

Date	Reference	Debit	Credit	Balance	Dr/Cr
7-1-73	J 1		$ 94,554.86	$ 94,554.86	Cr
	J 2		641,264.00	735,818.86	Cr

Note that in the Unappropriated Fund Balance account, this credit is added to the credit balance resulting from the original opening entry to give a new credit balance of $735,818.86, the total net assets and estimated income available for appropriation.

Posting the subsidiary ledger. The subsidiary ledger, in this case the Income Ledger, is posted from the detailed breakdown shown in the journal entry. Each account is posted to show the amounts carried in the journal entry in the "Estimated income" and "Estimated to be received" columns.

INCOME LEDGER

Account 8811 District Secured Roll Taxes Page 6

Date	Reference	Estimated income	Amounts received	Total received to date	Estimated to be received
7-1-73	J 2	$345,888.00			$345,888.00

Each Income Ledger account is similarly posted.

Recording the Approved Budget–Expenditures

Expenditure values, like income values, are taken from column 3 of the expenditures section of the official budget form, as has been done in the example that follows:

II. EXPENDITURES AND OTHER OUTGO

1000 Certificated Salaries

1100	Teachers' Salaries	$360,000
1200	School Administrators' Salaries	20,000
1300	Supervisors' Salaries	25,000
1400	Librarians' Salaries	2,000
1500	Guidance, Welfare, and Attendance Salaries	10,000
1600	Physical and Mental Health Salaries	1,500

	1700	Superintendents' Salaries	$ 10,000
	1800	Other Certificated Salaries of District and County Administrative Offices	5,000
	1900	Other Certificated Salaries	1,000
		Total Certificated Salaries	$434,500
2000		Classified Salaries	
	2100	Instructional Aides' Salaries	2,000
	2200	Office of County Superintendent and District Administrative Personnel Salaries	3,100
	2300	Clerical and Other Office Salaries	7,000
	2400	Maintenance and Operation Salaries	36,000
	2500	Food Services Salaries	5,000
	2600	Transportation Salaries	5,000
	2900	Other Classified Salaries	500
		Total Classified Salaries	$58,600
3000		Employee Benefits	
	3100	State Teachers' Retirement System Annuity Fund	11,900
	3200	Public Employees' Retirement Fund	2,000
	3300	Old Age, Survivors, Disability, and Health Insurance	1,500
	3400	Health and Welfare Benefits	900
	3600	Workmen's Compensation Insurance	900
		Total Employee Benefits	$17,200
4000		Books, Supplies, and Equipment Replacement	
	4100	Textbooks	$ 2,000
	4200	Other Books	500
	4300	Instructional Supplies	2,500
	4500	Other Supplies	800
	4800	Equipment Replacement	6,000
		Total Books, Supplies, and Equipment Replacement	$11,800
5000		Contracted Services and Other Operating Expenses	
	5100	Contracts for Personal Services of Consultants, Lecturers, and Others	500
	5200	Travel and Conference and Other Expense Reimbursed	300
	5300	Dues and Memberships	200
	5400	Insurance	1,000
	5500	Utilities and Housekeeping Services	5,000
	5600	Contracts, Rents, and Leases	4,500
	5700	Legal, Election, and Audit Expenses	500
	5800	Other Services and Expense	4,500
	5900	Interprogram Charges and Credits for Direct Services	0
		Total Contracted Services and Other Operational Expenses	$16,500
6000		Sites, Buildings, Books and Media, and New Equipment	
	6100	Sites and Improvement of Sites	2,500
	6200	Buildings and Improvement of Buildings	22,500
	6300	Books and Media for New or Expanded Libraries	1,500
	6400	Equipment	7,800
		Total Capital Outlay	$34,300

7000	Other Outgo	
7200	Outgoing Tuition	$ 30,500
7900	Appropriation for Contingencies	12,000
	Total Other Outgo	$42,500
	TOTAL BUDGET	$615,400

As with income, each of the expenditure items should be accounted for separately so that expenditures may be controlled within the various budget classifications. This is accomplished by use of a subsidiary ledger usually known as the Appropriation Ledger. While separate accounts should be maintained for each of the required expenditure classifications, additional subdivisions of these classes may be maintained as separate accounts if needed.

Preparing the journal entry. This budgeted expenditure total of $615,400 totals the appropriation to the district's programs; the programs provide a classification of expenditure usage while the objects provide a classification of expenditure source.

This procedure is shown in the following example:

Date	*Account*		*Debit*	*Credit*
7-1-73	9710	Unappropriated Fund Balance	$615,400.00	
	9820	Appropriations		$615,400.00

Subsidiary Appropriation Ledger

1100	Teachers' Salaries	$360,000
1200	School Administrators' Salaries	20,000
1300	Supervisors' Salaries	25,000
1400	Librarians' Salaries	2,000
1500	Guidance, Welfare, and Attendance Salaries	10,000
1600	Physical and Mental Health Salaries	1,500
1700	Superintendents' Salaries	10,000
1800	Other Certificated Salaries of District and County Administrative Offices	5,000
1900	Other Certificated Salaries	1,000
2100	Instructional Aides' Salaries	2,000
2200	Office of County Superintendent and District Administrative Personnel Salaries	3,600
2300	Clerical and Other Office Salaries	7,000
2400	Maintenance and Operation Salaries	36,000
2500	Food Services Salaries	5,000
2600	Transportation Salaries	5,000
2900	Other Classified Salaries	500
3100	State Teachers' Retirement System Annuity Fund	11,900
3200	Public Employees' Retirement Fund	2,000
3300	Old Age, Survivors, Disability, and Health Insurance	1,500
3400	Health and Welfare Benefits	900
3600	Workmen's Compensation Insurance	900
4100	Textbooks	2,000
4200	Other Books	500
4300	Instructional Supplies	2,500
4500	Other Supplies	800
4800	Equipment Replacement	6,000
5100	Contracts for Personal Services of Consultants, Lecturers, and Others	500
5200	Travel and Conference and Other Expense Reimbursed	300

5300	Dues and Memberships	$ 200
5400	Insurance	1,000
5500	Utilities and Housekeeping Services	5,000
5600	Contracts, Rents, and Leases	4,500
5700	Legal, Election, and Audit Expenses	500
5800	Other Services and Expense	4,500
5900	Interprogram Charges and Credits for Direct Services	–0–
6100	Sites and Improvement of Sites	2,500
6200	Buildings and Improvement of Buildings	22,500
6300	Books and Media for New or Expanded Libraries	1,500
6400	Equipment	7,800
7200	Outgoing Tuition	30,500
7900	Appropriation for Contingencies	12,000

The preceding journal entry is similar to the one recording estimated income except that the total of appropriations is debited to the Unappropriated Fund Balance account. The total appropriations to all accounts in the Appropriation Ledger must agree with the balance in the General Ledger controlling account, Appropriations.

Posting the General Ledger. The journal entry for recording the approved appropriations is posted to the General Ledger in the same manner as the original opening entry and the entry recording estimated income, as has been done in these examples:

Account 9710 — Unappropriated Fund Balance — Page 1

Date	Reference	Debit	Credit	Balance	Dr/Cr
7-1-73	J 1		$ 94,554.86	$ 94,554.86	Cr
	J 2		641,264.00	735,818.86	Cr
	J 3	$615,400.00		120,418.86	Cr

Account 9820 — Appropriations — Page 1

Date	Reference	Debit	Credit	Balance	Dr/Cr
7-1-73	J 3		$615,400.00	$615,400.00	Cr

Note that the debit to the Unappropriated Fund Balance account has been subtracted from the previous credit balance to produce a new credit balance of $120,418.86, the remaining unappropriated fund balance after the estimated income and budgeted appropriations have been posted.

Posting the Appropriation Ledger. The subsidiary Appropriation Ledger is posted from the journal entry in a manner similar to that used for posting estimated income as shown in this example:

APPROPRIATION LEDGER

Account 1100 — Teachers' Salaries — Page 1

Date	Reference	Appropriation	Encumbrances	Encumbered to date	Expended	Expended to date	Unencumbered balance
7-1-73	J 1	$360,000.00					$360,000.00

The preceding form differs from the Income Ledger form because it must carry space for entering encumbrances as they occur, as well as expenditures. The amount appropriated for this account has been entered in the "Appropriation" column and again in the "Unencumbered balance" column. As amounts are later entered in the "Encumbrance" or "Expenditure" columns, the "Unencumbered balance" column will be adjusted accordingly.

When appropriations are allocated to programs, each of the program ledger cards is posted with its respective appropriation. An example of a possible program ledger card is displayed in the illustration on page VI-16.

It should be noted that the appropriation to a program is a collection of portions of single objects of expenditure (such as teachers' salaries) that are controlled with the Appropriation Ledger. The program appropriation is the total of all of the direct expenses expected to be incurred on behalf of the program.

Because the Appropriation Ledger controls expenses by objects, it is not essential that expenses also be controlled by program when a district records expenditures by site (or location). Control of program expenses can be delegated to the principals (or site managers) within the limits of fixed object appropriations. For example, if a given school (site) is budgeted $75,000 in instructional supplies, this amount will provide district control on the site on this object. The site may allocate this $75,000 to its several programs, and the district may record these allocations as part of the appropriations to the site's programs. Districts using manual or bookkeeping machine systems need not control the amount of instructional supplies appropriated for a particular program because they will be able to control the total appropriation to the site.

If the district controls only on objects, then the principal or site manager will have to compare the program reports to the program budgets to observe discrepancies in an object of any particular program.

Recording the Approved Budget–Reserves

Reserves are portions of the balance remaining as unappropriated funds that are not available for appropriations, such as amounts in the Revolving Fund, Stores, and Prepaid Expense accounts. A General Reserve account is also required to help finance the district in the year following, prior to receipt of that year's income.

The values to be set aside in these reserves are contained in the official budget, column 2, opposite Ending Balance. These are used to prepare the journal entry, as in this example:

Date	*Account*		*Debit*	*Credit*
7-1-73	9710	Unappropriated Fund Balance	$120,419.00	
	9610	Reserve for Working Capital		$ 2,072.00
	9630	General Reserve		118,347.00
		To record reserves for Working Capital and General Reserve, fiscal year 1973-74, as contained in the approved budget		

This journal entry is then posted to the General Ledger in the usual manner:

Account 9710 Unappropriated Fund Balance Page 1

Date	Reference	Debit	Credit	Balance	Dr/Cr
7-1-73	J 1		$ 94,554.86	$ 94,554.86	Cr
	J 2		641,264.00	735,818.86	Cr
	J 3	$615,400.00		120,418.86	Cr
	J 4	120,419.00		0.14	Dr

PROGRAM LEDGER

Program A

Page 1

Account:

Appropriation: $32,000.00

Date	Reference	Description	Encumbrances Reserved	Encumbrances Cancelled	Certificated salaries and benefits	Classified salaries and benefits	Books, supplies and equipment replacement	Contracted services and other	Capital outlay	Available balance	Direct support charges
7-1-73	J 3	Budget appropriation (may be memorandum only)	(Optional)		$32,700	$4,300	$2,500	$1,500	$1,000	$32,000	$1,600
7-31-73	PJ	July payroll—teachers' salaries			1,800					30,200	

Account 9610 **Reserve for Working Capital** **Page 1**

Date	Reference	Debit	Credit	Balance	Dr/Cr
7-1-73	J 4		$ 2,072.00	$ 2,072.00	Cr

Account 9630 **General Reserve** **Page 1**

Date	Reference	Debit	Credit	Balance	Dr/Cr
7-1-73	J 4		$118,347.00	$118,347.00	Cr

Note that the amount debited to the Unappropriated Fund Balance account is slightly greater than the previous balance of that account, and this results in a debit balance of 14 cents. Small discrepancies are likely to occur because the district's books are maintained in exact amounts, including cents, while the official budget form is made out to the nearest dollar only.

At this point the General Ledger has been opened, and the official budget has been recorded. A trial balance will show the net results of the entries made thus far. The trial balance is a list of the General Ledger accounts and the debit or credit balance for each account. The total debits and the total credits must be equal, indicating a balanced General Ledger. The trial balance of the General Ledger at this point looks like this:

Account		*Debit*	*Credit*
9110	Cash in County Treasury	$100,042.67	
9130	Revolving Cash Fund	500.00	
9140	Cash Collections Awaiting Deposit	24.17	
9160	Accounts Receivable	1,597.88	
9170	Due from Other Funds	694.39	
9220	Prepaid Expenses	1,572.38	
9510	Accounts Payable		$ 9,763.45
9520	Due to Other Funds		113.18
9610	Reserve for Working Capital		2,072.00
9630	General Reserve		118,347.00
9710	Unappropriated Fund Balance	0.14	
9810	Estimated Income	641,264.00	
9820	Appropriations		615,400.00
		$745,695.63	$745,695.63

The appropriations, having been posted both to the program ledgers and to the subsidiary appropriation ledgers (objects of expenditure), should be checked to assure that the two are equal.

Recording Encumbrances

Effective expenditure control requires not only the recording of cash expenditures and the charging off of assets and prepaid expenses but also the recognizing of expense obligations.

Encumbrance procedures that serve to reserve or restrict portions of the budget appropriations of the district for which definite commitments or contractual obligations have been made may be incorporated into the accounting system of a school district.

The method of determining amounts of encumbrances to be entered into the accounts may vary with the accounting methods used in the district and with the type of transactions being encumbered.

Certificated Payroll Encumbrance Summary

Classification:	1100		1200		1300		1700		
Name	Month	Year	Month	Year	Month	Year	Month	Year	Totals,1000
Superintendent									
Bartlett, James							$1,050.00	$12,600.00	$ 12,600.00
Assistant Superintendent									
Garcia, Fred							750.00	9,000.00	9,000.00
Principals									
Campbell, George			$ 500.00	$ 6,000.00					6,000.00
Harmon, Robert			500.00	6,000.00					6,000.00
Hotzel, Frank			500.00	6,000.00					6,000.00
Lawrence, Charles			500.00	6,000.00					6,000.00
Supervisors									
Evans, Raymond					$ 450.00	$ 5,400.00			5,400.00
Johnson, Arthur					500.00	6,000.00			6,000.00
Pont, Elizabeth					400.00	4,800.00			4,800.00
Sorenson, Albert					350.00	4,200.00			4,200.00
Wade, Johnson					300.00	3,600.00			3,600.00
Teachers									
Alter, Ruth	$ 350.00	$ 4,200.00							4,200.00
Bennett, Betty	350.00	4,200.00							4,200.00
Curren, Patricia	375.00	4,500.00							4,500.00
Total encumbered	30,000.00	360,000.00	2,000.00	24,000.00	2,000.00	24,000.00	1,800.00	21,600.00	429,600.00
7-15-73									
Bennett, Betty–resignation	–350.00	–4,200.00							–4,200.00
Totals	29,650.00	355,800.00	2,000.00	24,000.00	2,000.00	24,000.00	1,800.00	21,600.00	425,400.00
7-20-73									
Thompson, Ted	450.00	5,400.00							5,400.00
Totals	$30,100.00	$361,200.00	$2,000.00	$24,000.00	$2,000.00	$24,000.00	$1,800.00	$21,600.00	$430,800.00

Because districts may need to distinguish reservations or restrictions of appropriations from actual expenditures, it is recommended that Encumbrances and Reserve for Encumbrances accounts be used in the General Ledger and that encumbrance amounts in the appropriations subsidiary accounts and the program ledgers be recorded in a separate column or in such a manner that they may be distinguished from actual expenditures.

Encumbering programs is optional since objects may be encumbered and controlled. Districts with manual and bookkeeping machine systems that break costs down by sites (or locations) will find encumbering programs rather difficult; whereas districts with data-processing equipment will be able to encumber programs at the same time they encumber their appropriation ledger objects of expenditure.

Encumbering of salaries. At the beginning of each year, the total annual salaries of personnel employed for that year may be determined for purposes of encumbering appropriations for paying these salaries during the year. Similarly, the total monthly salaries of these personnel should be obtained for the purpose of removing that amount of encumbrance when a monthly salary payment is made. Totals of the annual and monthly salaries must be adjusted for personnel changes and salary rate changes.

Although the salary encumbrance summary may differ in detail depending on the methods of accounting used by the district, a schedule such as that illustrated in the Certificated Payroll Encumbrance Summary on page VI-18 may adequately serve this purpose. Basic requirements are a complete accounting for all personnel having salaries to be encumbered, a grouping of these salaries to provide monthly and annual salary totals by budget classifications, and provisions for recording changes in personnel and salaries.

The Certificated Payroll Encumbrance Summary illustrates the adjustment in encumbrance totals that must be recognized when personnel changes occur.

Journal entries to record the salary encumbrance transactions shown in the Certificated Payroll Encumbrance Summary are as follows:

J 12:

Date	*Account*		*Debit*	*Credit*
7-1-73	9830	Encumbrances	$429,600.00	
	9620	Reserve for Encumbrances		$429,600.00

Account	*Appropriation Ledger*	
1100	Teachers' Salaries	$360,000.00
1200	School Administrators' Salaries	24,000.00
1300	Supervisors' Salaries	24,000.00
1700	Superintendents' Salaries	21,600.00

To record salary encumbrance for certificated staff employed 7-1-73

J 13:

7-15-73	9620	Reserve for Encumbrances	$4,200.00	
	9830	Encumbrances		$4,200.00

	Appropriation Ledger	
1100	Teachers' Salaries	$4,200.00

To cancel 12 months' salary encumbrance for B. Bennett, resignation, 7-15-73

J 14:

7-20-73	9830	Encumbrances	$5,400.00	
	9620	Reserve for Encumbrances		$5,400.00

	Appropriation Ledger	
1100	Teachers' Salaries	$5,400.00

To establish salary encumbrance for 12 months' payment of T. Thompson, employed 7-20-73

The posting of the preceding entries to the General Ledger is as follows:

Account 9830 **Encumbrances** **Page 4**

Date	Reference	Debit	Credit	Balance	Dr/Cr
7-1-73	J 12	$429,600.00		$429,600.00	Dr
7-15-73	J 13		$4,200.00	425,400.00	Dr
7-20-73	J 14	5,400.00		430,800.00	Dr

Account 9620 **Reserve for Encumbrances**

Date	Reference	Debit	Credit	Balance	Dr/Cr
7-1-73	J 12		$429,600.00	$429,600.00	Cr
7-15-73	J 13	$4,200.00		425,400.00	Cr
7-20-73	J 14		5,400,00	430,800.00	Cr

The posting of the Teachers' Salaries account to the subsidiary Appropriation Ledger is illustrated as follows:

APPROPRIATION LEDGER

Account 1100 **Teachers' Salaries** **Page 5**

Date	Reference	Appropriation	Encumbrances	Encumbered to date	Expended	Expended to date	Unencumbered balance
7-1-73	J 12	$500,000.00	$429,600.00	$429,600.00			$70,400.00
7-15-73	J 13	500,000.00	4,200.00Cr	425,400.00			74,600.00
7-20-73	J 14	500,000.00	5,400.00	430,800.00			69,200.00

In the foregoing illustration, it has been assumed that the changes in personnel were made prior to payment of any payroll in that year. It is important, however, that encumbrances be reduced by the unpaid installments of the annual salaries of personnel leaving the payroll and increased for the unpaid installments of personnel being added to the payroll.

Adjustments of encumbrances for salaries paid is discussed in the section, Recording Encumbrance Adjustments—Salaries.

Encumbering of other expenses. Effective expenditure control requires the establishment of a procedure to reserve or restrict appropriations for obligation of nonsalary types of expenses as well as salaries.

If the purchase orders are drawn in order to confirm orders for all materials and services to be purchased by the district, they may be used for encumbrance purposes. A sample of a purchase order is shown on page VI-21.

The methods of encumbering purchase orders may vary from the direct posting to the Appropriation Ledger subsidiary accounts from the individual purchase orders to some form of summary recording for groups of purchase orders. When a record of the individual purchase orders contained in a summary recording is desired, a Purchase Order Encumbrance Summary such as the one on page VI-21 might be used.

PURCHASE ORDER **No. 2**

To: Student Supply Company

Date: July 10, 1973

Ordered by
school ________________

From: ________________

School District
Appropriation
Ledger Account 4300

Deliver to: 100 Main Street

Received	Quantity	Unit	Item	Unit price	Amount	Amount cancelled
65	1,000	Ream	Newsprint	$0.60	$600.00	$41.67
	100	Gross	#2 school pencils	3.00	300.00	
	300	Box	Crayons	0.30	90.00	
					$990.00	

Payment Record:

Date: July 20

Amount: $41.67

Purchase Order Encumbrance Summary *For July, 1973*

Vendor's Name	Appropriation account number	Date	Purchase order number	Amount of encumbrance
Justrite Roofing Company	4500	10	1	$ 805.63
Student Supply Company	4300	11	2	990.00
L.A. Detergent Company	4500	26	3	50.00
Total				$1,845.63

A journal entry to record the encumbrance information contained in the summary is illustrated as follows:

J 15:

Date	*Account*		*Debit*	*Credit*
7-1-73	9830	Encumbrances	$1,845.63	
	9620	Reserve for Encumbrances		$1,845.63

Account	*Appropriation Ledger*	
4300	Instructional Supplies	$990.00
4500	Other Supplies	855.63

To record Purchase Order Encumbrances for July 1, 1973

The posting of the Other Expenses of Instruction item to the account in the subsidiary Appropriation Ledger is illustrated as follows:

APPROPRIATION LEDGER

Account 4300 Instructional Supplies **Page 5**

Date	Reference	Appropriation	Encumbrances	Encumbered to date	Expended	Expended to date	Unencumbered balance
7-1-73	J 15	$5,000.00	$990.00	$990.00			$4,010.00

The instructions for recording encumbrance adjustments in this section outline the procedure used to adjust encumbrances when payments are made involving encumbered purchase orders.

Recording Income and Other Cash Receipts

Source documents for posting income are apportionment notices from the county superintendent of schools for deposits made directly to the county treasury or copies of receipts for monies received directly by the district.

An apportionment notice from the county superintendent of schools is illustrated in the Typical Apportionment Notice on this page.

Each of the items of actual income should be accounted for separately so that they may be compared with income estimates. This is accomplished by posting receipts to the Income Ledger. The total from any given apportionment notice is posted to the General Ledger, and individual items are posted to the subsidiary Income Ledger.

TYPICAL APPORTIONMENT NOTICE

County of ________________________

To ______________________________ School District

This is to certify that income noted below has been received and has been placed to the credit of your district on ____.
Date

8611 Basic and Equalization Aid and Supplemental Support . . . ____________________
8616 Educationally Handicapped Minors . . . . ____________________
8622 Allowances for Transportation . . . . ____________________
8670 Tax Relief Subventions . . . . ____________________
8710 Community College Tuition Tax . . . . ____________________
8811 District Secured Roll Taxes . . . . ____________________
8812 District Unsecured Roll Taxes . . . . ____________________
Other Income (Describe) . . . . ____________________

Preparing the journal entry for income deposits made directly in the county treasury. The journal entry to record income receipts lists the General Ledger and subsidiary ledger accounts and the amounts for each as in the following example:

Date	*Account*			*Debit*	*Credit*
7-20-73	9110	Cash in County Treasury		________	
	9840	Income			________
Account		*Subsidiary Income Ledger*			
8811		District Secured Roll Taxes	________		
8812		District Unsecured Roll Taxes	________		
8611		Basic and Equalization Aid	________		
		To record income received on apportionment notice dated 7-20-73			

The journal entry is posted to the General Ledger in the usual manner.

The subsidiary Income Ledger is posted from the journal entry in a manner similar to that used for posting estimated income. Each account is posted to show, in the amounts received portion, the amount of the ledgers that has been carried in the journal entry, as has been done in the following example:

INCOME LEDGER

Account 8811 District Secured Roll Taxes **Page 6**

Date	Reference	Estimated income	Amounts received	Total received to date	Estimated to be received
7-1-73	J 2	$345,888.00			$345,888.00
7-20-73	J__		________	________	

INCOME LEDGER

Account 8812 District Unsecured Roll Taxes **Page 1**

Date	Reference	Estimated income	Amounts received	Total received to date	Estimated to be received
7-1-73	J 2	$2,700.00			$2,700.00
7-20-73	J__		________	________	

INCOME LEDGER

Account 8611 Basic and Equalization Aid **Page 1**

Date	Reference	Estimated income	Amounts received	Total received to date	Estimated to be received
7-1-73	J 2	$277,528.00			$277,528.00

A summary of receipts issued for cash received directly by the school district serves as the basis for preparing the journal entry to record this type of income and other cash receipts. Abatements of expenditures are treated in Part III of this manual. If this summary is a formal record, it might look like this example of a Cash Received Journal:

Cash Received Journal

Month of July, 1973

			Current income		Abatements of expenditures		General Ledger	
Date	Description	Received	Account	Amount	Account	Amount	Account	Amount
7-3-73	Receipts		8110	______	5800	______		
	Nos. 6801–6815	______	8842	______				
			8850	______				
					4300	______		
					4300	______		
					4300	______		
			8880	______				
	Totals	______		______		______		

Preparing the journal entry to record cash received directly by the school district. The journal entry to record actual income and other cash receipts received directly by the school district lists the General Ledger and subsidiary ledger accounts and the amounts for each. For example:

Date	*Account*		*Debit*	*Credit*
7-31-73	9110	Cash in County Treasury	______	
	9840	Income		______
	9850	Expenditures		______

Account	*Subsidiary Income Ledger*	
8110	Maintainance and Operation (Public Law 81-874)	______
8842	Sale of Equipment and Supplies	______
8850	Rentals	______
8871	Adult Education Fees	______
8880	Miscellaneous	______
	Subsidiary Appropriation Ledger	
4300	Instructional Supplies	______
5800	Transportation Payments from Other Districts	______

To record receipts numbers 6801–6815

The General Ledger is posted in the usual manner. The subsidiary Income Ledger is posted in the same manner as that illustrated under income deposits made directly in the county treasury.

The subsidiary Appropriation Ledger is posted in the same manner as that shown under expenditures, as in the following example:

APPROPRIATION LEDGER

Account 4300 — Instructional Supplies — Page 2

Date	Reference	Encumbrances	Liquidations	Expended	Outstanding encumbrances	Expended to date	Budget	Unencumbered balance
7-31-73				______	______	______	______	______

APPROPRIATION LEDGER

Account 5800 Payments from Another School District **Page 1**

Date	Reference	Encumbrances	Liquidations	Expended	Outstanding encumbrances	Expended to date	Budget	Unencumbered balance
7-31-73								

Recording Expenditures and Other Disbursements–Salaries

Salary expenditures are generally more efficiently posted by total from the *payroll payment order*, or similarly titled listing, which is an itemized, detailed list of individual salaries for a particular payroll. A summary of amounts to be charged to the various expenditure classifications is needed for this procedure (see California School District Payroll Payment Order, page VI-26).

Very rarely, such as when accounting salaries for a one- or two-teacher school, individual salaries paid might be entered directly in the General Journal.

Preparing the journal entry. The journal entry to record payroll payments lists the General Ledger and subsidiary ledger accounts and the amounts for each, as in the following example:

Date	*Account*		*Debit*	*Credit*
7-31-73	9850	Expenditures	$40,275.00	
	9110	Cash in County Treasury		$40,275.00

Account	*Appropriation Ledger*	
1100	Teachers' Salaries	$32,000.00
1200	School Administrators' Salaries	1,600.00
1300	Supervisors' Salaries	2,000.00
1600	Physical and Mental Health Salaries	125.00
1800	Other Certificated Salaries of District Administration	800.00
2200	District Administrative Salaries	250.00
2300	Clerical Salaries	650.00
2400	Maintenance and Operation Salaries	2,850.00

To record expenditures for payroll listing number 1 for the month of July

Posting the General Ledger. The journal entry for payroll expenditures is posted to the General Ledger in the same manner as previous entries, as in the following example:

Account 9850 Expenditures **Page 1**

Date	Reference	Debit	Credit	Balance	Dr/Cr
7-31-73	J 8	$ 40,275.00		$ 40,275.00	Dr

Account 9110 Cash in County Treasury **Page 1**

Date	Reference	Debit	Credit	Balance	Dr/Cr
7-1-73	J 1	$100,042.67		$100,042.67	Dr
7-31-73	J 8		$40,275.00	$59,767.67	Dr

Note that the posting to the cash account is a credit entry that deducts from the previous balance to give a new debit balance of $59,767.67.

California School District Payroll Payment Order

Employee name	Warrant number	Occupation or title	Expenditure classification	Period ending	Gross earnings	Social Security	Retirement	Withholding tax	Other	Net pay
Abbott, Ellen	2200	Teacher	1100	7-31-73	$ 500.00		$ 40.00	$ 80.00	$ 21.00	$ 359.00
Adams, George	2201	Custodian	2400		350.00	$ 9.00	21.00	18.00	12.00	290.00
Allen, Rose	2202	Teacher	1100		475.00		35.00	68.00	16.50	355.50
Arnold, Robert	2203	Teacher	1100		550.00		48.00	60.00	25.00	417.00
Ashworth, James	2204	Assistant Superintendent	1700		900.00		70.00	150.00	28.00	652.00
Bailey, John	2205	Teacher	1100		580.00		50.00	75.00	22.50	432.50
Banner, Roger	2206	Principal	1200		750.00		62.00	90.00	26.00	572.00
Boyd, Alice	2207	Secretary	2300		300.00	7.50	16.00	21.00	12.00	243.50
Brown, Thomas	2208	Teacher	1100		530.00		45.00	61.00	18.00	406.00
Carter, Mabel	2209	Teacher	1100		500.00		42.00	65.00	24.00	369.00
Cross, Arthur	2210	Custodian	2400		375.00	10.00	22.50	12.00	18.50	312.00
Curran, Jane	2211	Teacher	1100		475.00		38.50	60.00	21.00	355.50
Totals				7-31-73	$6,285.00	$26.50	$490.00	$760.00	$244.50	$4,764.00
Expenditure Classification Summary:			1100	7-31-73	3,610.00					
			1200		750.00					
			1700		900.00					
			2300		300.00					
			2400		725.00					
					$6,285.00					

Posting the Appropriation Ledger. Entries in the subsidiary Appropriation Ledger are made in the expenditure column in each case, as shown in the following example:

APPROPRIATION LEDGER

Account 1110 — Teachers' Salaries — Page 1

Date	Reference	Appropriation	Encumbrances	Encumbered to date	Expended	Expended to date	Unencumbered balance
7-1-73	J 3	$390,000.00					$390,000.00
	J 5	390,000.00	$390,000.00	$390,000.00	$32,000.00		0.00
7-31-73	J 8	390,000.00		390,000.00		$32,000.00	32,000.00Cr

In normal procedures the liquidation of an amount corresponding to the payment takes place simultaneously with this posting. The liquidating entry is described in the section headed Recording Encumbrance Adjustments–Salaries, following. For purposes of explanation, this account will be carried this way until the liquidating entry is posted.

Note that the "Appropriation," Encumbered-to-date," and "Expended-to-date" columns are carried forward with each posting.

Entries in the program ledger are posted by object classification in the appropriate columns in the program ledgers, then subtotaled on the object of expenditure card in the Appropriation Ledger.

The total postings to the program ledgers for the object classification (teachers' salaries) will amount to $32,000, which can be subtotaled in the Appropriation Ledger (see sample program ledger, page VI-16).

Recording Expenditures and Other Disbursements–Other

Payments to vendors are usually made at regular intervals, monthly or oftener, and listed on a warrant register that can be used as the source to enter the total expenditure. Like the payroll charges, the amounts to be charged to the various expenditure classifications will need to be summarized (see California School District Warrant Register Number 1 on page VI-28).

Other expenditures, such as a district's retirement payments, repayments on loans, and the like, which are disbursed at the county level, may be entered individually as reports are received from the office of the county superintendent of schools. Expenditure transfers between funds of a district require a similar entry. It is possible to include all such items in one listing and to enter the total in the General Journal with a summary of amounts to be charged to the various expenditure classes. In either procedure, reference to the original report or notice should be made, and such documents should be kept readily available.

Preparing the journal entry. The journal entry to record vendor payments or other expenditure items lists the General Ledger and subsidiary ledger accounts and the amounts for each. This journal entry is posted to the General Ledger and the Appropriation Ledger as illustrated in the entries that follow:

Date	*Account*		*Debit*	*Credit*
7-31-73	9850	Expenditures	$6,245.00	
	9840	Income	500.00	
	9100	Cash		$6,745.00

Account	*Appropriation Ledger*	
4500	Other Supplies	$1,620.00
4100	Textbooks	350.00

4300	Instructional Supplies	$ 475.00
5500	Utilities and Housekeeping Services	1,300.00
6200	New Buildings and Improvement of Buildings	2,500.00
	Income Ledger	
8110	Maintenance and Operation (Public Law 81-874)	500.00

To record expenditures for Warrant Register number 1 for the month of July

CALIFORNIA SCHOOL DISTRICT

Warrant Register Number 1 — Date: July 31, 1973

Warrant number	*Vendor*	*Expenditure classification*	*Amount*
1	Aldrich & Aldrich, Inc.	4300	$ 48.06
2	American Book Co.	4100	350.00
3	Best Music Company	4300	210.00
4	E.P. Finigan Company	6200	2,500.00
5	Office Supply Co.	4500	65.00
6	Pacific Gas & Electric Company	5500	700.00
7	Pacific Telephone & Telegraph Co.	5500	600.00
8	Read's Fence Company	4500	875.00
9	Sun Custodial Supplies	4500	680.00
10	Taylor's School Supplies	4300	216.94
11	U.S. Treasury (Abatement of income) 8110		500.00
	Total		$6,745.00

Expenditure Classification Summary:

4100	Textbooks	$ 350.00	
4300	Instructional Supplies	475.00	
4500	Other Supplies	1,620.00	
5500	Utilities and Housekeeping Services	1,300.00	
6200	Buildings and Improvement of Buildings	2,500.00	
			$6,245.00

Income Classification Summary:

8110	Maintenance and Operation (Public Law 81-874) abatement	500.00	
			500.00
			$6,745.00

Posting the Income Ledger. This posting to the subsidiary Income Ledger is an example of an abatement of income.

INCOME LEDGER

Account 8100 Maintenance and Operation (Public Law 81–874) Page 1

Date	Reference	Estimated income	Amounts received	Total received to date	Estimated to be received
7-1-73	J 1	$2,500.00			$2,500.00
	J__	2,500.00	$2,400.00	$2,400.00	100.00
7-31-73	J__	2,500.00	500.00 Cr	1,900.00	600.00

Recording Encumbrance Adjustments–Salaries

The amount of encumbrance to be adjusted or liquidated when salary payments are made is the same amount as is being paid, provided such amounts have been encumbered. This procedure will leave the proper balance of encumbrance for each succeeding month if there is no change in rate of pay.

Further adjustment is necessary for changes of contract, terminations, and the like. It is generally preferable to liquidate the exact amount of the payroll posting and to pick up additional adjustments in a separate posting from a list of changes. For example, a payroll expenditure of $40,275 represents the regular monthly payroll for salaries encumbered for the year. However, because one employee terminated in July and received less than a full month's salary, the difference between the individual amount encumbered, $300, and the amount paid and liquidated, $200, represents a cancellation of $100 to encumbrances for July in addition to the encumbrance for the rest of the year, $3,300, or a total cancellation of encumbrances in the amount of $3,400. The person replacing this employee was paid $50 in July and will be paid $2,750 for the rest of the year. This is an additional total encumbrance of $2,800. The net adjustment to encumbrances is a reduction of $600. The Certificated Payroll Encumbrance Summary illustrated in this section (see page VI-18) provides for a method of adjusting salary encumbrances.

The use of some machine systems makes it more practical to liquidate all encumbrances for salaries at the time payroll expenditures are posted and to reencumber the adjusted amounts for the remainder of the year.

Preparing the journal entry. The journal entry to record encumbrance adjustments lists the General Ledger and subsidiary ledger accounts and the amounts for each, as shown in the following example:

Date	*Account*		*Debit*	*Credit*
7-31-73	9620	Reserve for Encumbrances	$40,275.00	
	9620	Reserve for Encumbrances	600.00	
	9830	Encumbrances		$40,275.00
	9830	Encumbrances		600.00

Appropriation Ledger

1100	Teachers' Salaries	$32,000.00
1200	School Administrators' Salaries	1,600.00
1300	Supervisors' Salaries	2,000.00
1600	Physical and Mental Health Salaries	125.00
1800	Other Certificated Salaries of District and County Administration	800.00
2200	Office of County Superintendent and District Administrative Personnel Salaries	600.00
2200	Office of County Superintendent and District Administrative Personnel Salaries	250.00

2300	Clerical Salaries	$ 650.00
2400	Maintenance and Operation Salaries	2,850.00

To record salary encumbrance liquidations and adjustments for the month of July

Posting the General Ledger. The journal entry for salary encumbrance liquidations and adjustments is posted to the General Ledger as usual.

Posting the Appropriation Ledger. Entries in the subsidiary Appropriation Ledger are made in the "Encumbrances" column in the following example:

APPROPRIATION LEDGER

Account 1100 — **Teachers' Salaries** — **Page 1**

Date	Reference	Appropriations	Encumbrances	Encumbered to date	Expended	Expended to date	Unencumbered balance
7-1-73	J 3	$390,000.00					$390,000.00
	J 5	390,000.00	$390,000.00	$390,000.00			0.00
7-31-73	J 8	390,000.00		390,000.00	$32,000.00	$32,000.00	32,000.00 Cr
	J 10	390,000.00	–32,000.00	358,000.00		32,000.00	0.00

APPROPRIATION LEDGER

Account 2200 — **District Administrative Salaries** — **Page 1**

Date	Reference	Appropriation	Encumbrances	Encumbered to date	Expended	Expended to date	Unencumbered balance
7-1-73	J 3	$3,600.00					$3,600.00
	J 5	3,600.00	$3,600.00	$3,600.00			0.00
7-31-73	J 8	3,600.00		3,600.00	$250.00	$250.00	250.00 Cr
	J 10	3,600.00	–250.00	3,350.00		250.00	0.00
	J 10	3,600.00	–600.00	2,750.00		250.00	600.00

The control account, Encumbrances, in the General Ledger can be proved by adding the totals of the "Encumbered-to-date" column in each of the subsidiary Appropriation Ledger accounts.

Recording Encumbrance Adjustments—Other than Salaries

The amount of encumbrance to be adjusted or liquidated when vendor payments or other expenditures are recorded is the amount originally encumbered for the specific items. Thus, if a purchase order was originally encumbered for $100 but the actual payment was $99.50, the original $100 encumbrance is liquidated. Partial payments on an order are liquidated in the same amount as originally encumbered for items being paid, and the balance of encumbrance is liquidated when the final payment is made.

Depending on the encumbrance method being used, the adjustments or liquidations are posted either directly from the purchase order as illustrated on page VI-21 or from a Purchase Order Liquidation Summary listing the purchase orders being paid. The same form can be used as that shown for the Purchase Order Encumbrance Summary on page VI-21. The warrant register form shown on page VI-28 might also be used to indicate liquidations of encumbrances by adding columns for purchase order number, amount encumbered, and encumbrance classification.

Here again it is true that with some machine systems it is more practical to liquidate all encumbrances and to reencumber those that are outstanding after the paid items have been deleted. If an encumbrance amount is cancelled or changed because items ordered are unavailable or prices are changed, the adjustment is recorded in the same manner as the routine liquidations following payments.

Preparing the journal entry. The journal entry to record encumbrance adjustments lists the General Ledger and subsidiary ledger accounts and the amounts for each, as shown in the following example:

Date	*Account*		*Debit*	*Credit*
7-31-73	9620	Reserve for Encumbrances	$6,245.00	
	9830	Encumbrances		$6,245.00

Appropriation Ledger

4100	Textbooks	$ 350.00
4300	Instructional Supplies	475.00
4500	Other Supplies	1,620.00
5500	Utilities and Housekeeping Services	1,300.00
6200	Buildings and Improvement of Buildings	2,500.00

To record encumbrance liquidations (other than salaries) for the month of July

The journal entry for encumbrance liquidations (other) is posted to the General Ledger in the usual manner.

Posting the Appropriation Ledger. Entries in the subsidiary Appropriation Ledger are made in the Encumbrances column, as shown in the following example:

APPROPRIATION LEDGER

Account 4300 Instructional Supplies Page 1

Date	Reference	Appropriation	Encumbrances	Encumbered to date	Expended	Expended to date	Unencumbered balance
7-1-73	J 3	$2,500.00					$2,500.00
	J 6	2,500.00	$750.00	$750.00			1,750.00
7-31-73	J 9	2,500.00		750.00	$475.00	$475.00	1,275.00
	J 11	2,500.00	–475.00	275.00		475.00	1,750.00

Recording Other Adjustments

Changes, or adjustments, must often be made to entries recorded in the General Ledger and subsidiary ledgers. Some of the more common adjustments are cited in the following paragraphs.

Recording adjustments to estimated income. When information is received that income will exceed the original estimate in the official budget, a new estimate of income is made, and the increase is recorded in the General Ledger and the Income Ledger. The increase in estimated income is recorded as follows:

Date	*Account*		*Debit*	*Credit*
5-31-74	9810	Estimated Income	$1,100.00	
	9710	Unappropriated Fund Balance		$1,100.00

Income Ledger

8611	Basic and Equalization Aid and Supplemental Support	$1,100.00 Dr

To record revised estimate of state apportionment

This entry increases the estimated income in the General Ledger and in the Income Ledger. It also increases the amount available for appropriation as indicated by a credit balance in the Unappropriated Fund Balance account. (Note that the entry simply records the amount available for appropriation. Actual appropriation may be made by governing board action only, as prescribed in Education Code sections 21001 and 20953.)

When a revised income estimate indicates a decrease in amount of estimated receipts, the decrease is recorded in a similar manner, as follows:

Date	*Account*		*Debit*	*Credit*
5-31-74	9710	Unappropriated Fund Balance	$1,100.00	
	9810	Estimated Income		$1,100.00

Income Ledger

8611	Basic and Equalization Aid	$1,100.00 Cr

To record revised estimate of basic and equalization aid

Note that when this entry is posted to the General Ledger, a debit balance in the Unappropriated Fund Balance account usually results. A debit balance indicates that appropriations exceed available resources and is a warning that expenditures must be controlled so that this amount remains as unexpended appropriations at the end of the fiscal year.

Recording adjustments to appropriations. Except when a revised appropriation budget has been adopted, adjustments involving changes in current appropriations will have no net effect on the General Ledger balances. The changes will affect only the Appropriation Ledger, because the total amount appropriated is not changed but is simply redistributed among the appropriations accounts:

Date	*Account*		*Debit*	*Credit*
10-30-73	9820	Appropriations	$500.00	
	9820	Appropriations		$500.00

Appropriation Ledger

6400	New Equipment	$500.00 Dr
4800	Equipment Replacement	500.00 Cr

To record appropriation transfers adopted 10-30-73

Recording adjustments to expenditures. When information shows that an amount already recorded as an expenditure should be charged to some other expenditure account, the adjustment is made without net effect on the General Ledger. The expenditures portion of the Appropriation Ledger will reflect the change, as in the following examples:

Date	*Account*		*Debit*	*Credit*
11-16-73	9850	Expenditures	$25.00	
	9850	Expenditures		$25.00

Appropriation Ledger

4100	Textbooks	$25.00 Dr
4200	Other Books	25.00 Cr

To record correction of expenditures classification coding on warrant number 12345, 10-15-73

Date	Account		Debit	Credit
11-30-73	9850	Expenditures	$200.00	
	9850	Expenditures		$200.00

Appropriation Ledger

1100	Teachers' Salaries	$200.00 Dr
1300	Supervisors' Salaries	200.00 Cr

To record portion of J. D. Smith's November salary as Teachers' Salaries because he substituted for A. B. Clark

Recording adjustments to stores. Adjusting entries resulting from a stores operation are shown in the next example. When a physical inventory reveals a stores overage or shortage, the amount must be recorded in the records. The usual practice is to adjust the Stores–Inventory and the Stores–Overhead accounts.

Date	Account		Debit	Credit
11-25-73	9210	Stores–Inventory	$75.00	
	9210	Stores–Overhead		$75.00

To record stores average per inventory of 11-15-73

An inventory shortage is reflected by a similar entry, except that the debit and credit entries are reversed.

Periodically, the Stores–Overhead account is cleared of its charges. This must be done at least once a year to assure that the year-end balance in the overall Stores account represents only material on hand in the warehouse and available for issue.

Clearing the Stores–Overhead account requires an entry to distribute the balance of this account to the various expenditure accounts. One of several methods may be used for determining this distribution. Regardless of the method used, the entry is made as shown in the following example:

Date	Account	Debit	Credit	
6-30-74	9850	Expenditures	$1,500.00	
	9210	Stores–Overhead		$1,500.00

Appropriation Ledger

4300	Instructional Supplies	$1,000.00 Dr
4500	Other Supplies	500.00 Dr

To distribute warehouse overhead expense for the fiscal year

Closing the General Ledger

The closing entries fall into two categories. The first category is the adjusting or the accrual of certain balance sheet accounts. The second category is the closing of all budgetary and operating accounts.

Determining the adjusting entries. Adjustments of prior year accruals may become necessary because of errors in estimating the amounts to be accrued or changes resulting from information available at a later date.

There are two methods of handling prior year accruals. Under the first method adjustments are automatically recorded in the books. Under the second method adjustments are made during the year as additional information becomes available, not at year-end.

The following is taken from the general instructions, Annual Financial Report:

> *Method 1:* The amount of variance between prior year estimates of Accounts Receivable and Current Liabilities and the actual transactions of this year must be used either to increase or to decrease the current year's income and expenditures. If the actual amounts fall short of estimates, the same accounts of the current year should be reduced as were increased in the prior year. If the actual amounts exceed estimates, the excess should be added to the most appropriate current year account. This should in no way reduce the determination of the estimates of Accounts Receivable and Current Liabilities at the close of a year as shown on Forms J-43A and J-43, respectively.
>
> *Method 2:* Follow the procedure used in prior years by not making the adjustment to the specific current year accounts.

First method. A reversing entry of the original accrual is made on July 1 of the following year. For example, a reversing entry closes the balance in the current liability account and places a credit in the expenditure account. When the liability is paid, the debit is made to the expenditure account in the same manner as any normal expenditure.

At year-end, amounts of income or transfers from other districts due and not yet received are determined and recorded in the current fiscal year. However, monies due from tax delinquencies are not included, because tax income is recorded on a cash basis. Only those amounts that can be reasonably determined are recorded. The amount recorded as Accounts Receivable must agree with the report filed with the county superintendent of schools.

Those amounts that are due and receivable from other funds of the district are recorded as Due from Other Funds rather than as Accounts Receivable.

Accounts Payable or Current Liabilities are amounts due but unpaid at year-end for goods and services received during the year. The amounts set up as current liabilities must agree with the report sent to the county superintendent of schools.

Those liabilities that are due and payable to other funds of a district are recorded as Due to Other Funds, rather than Current Liabilities.

If the district maintains a Stores account, refer to Part V of this manual for information.

If the proration for prepaid expense items is made at the time of the expenditure, no further action is necessary at year-end. The prepaid expense proration schedules should be checked at this time. If there is an error to be corrected or an adjustment to be made, the debit or credit will be made to the Prepaid Expense account and the offset to the appropriate expenditure account.

The Reserve for Working Capital account is adjusted to reflect the net increase or decrease during the year.

The total amount of the General Reserve account is closed to Unappropriated Fund Balance, the total amounts in the Income and Estimated Income accounts are closed to Unappropriated Fund Balance, and the total amounts in the Appropriations and Expenditures accounts are closed to Unappropriated Fund Balance.

Preparing the adjusting journal entries. Under method one the adjusting entries are made as follows:

Date	*Account*		*Debit*	*Credit*
6-30-74	9580	Expenditures	______	
	9510	Accounts Payable		______
		Subsidiary Expenditures Ledger		
4300		Instructional Supplies	______	
		To record liabilities for goods and services received		

NOTE: This records accrued liabilities at the end of fiscal year 1973-74.

Date	Account			Debit	Credit
7-1-74	9510	Accounts Payable		______	
	9580	Expenditures			______
		Subsidiary Expenditures Ledger			
4300		Instructional Supplies	______		
		To reverse accrual of prior year liabilities			

NOTE: This entry reverses the prior year accrual at the beginning of fiscal year 1974-75.

Second method. The original accrual is left on the books until the cash receipt or disbursement is recorded. At this time any necessary adjustment should be made. Under method two the adjusting entries are made as follows:

Date	Account		Debit	Credit
6-30-74	9580	Expenditures	______	
	9510	Accounts Payable		______
		To record liabilities for goods and services received		

Date	Account		Debit	Credit
7-31-74	9510	Accounts Payable	______	
	9110	Cash in County Treasury		______
		To record payment of liabilities		

Note that as soon as it is believed that all prior year liabilities have been paid, the net difference between the total of the actual payments and the total of the liabilities entered before the close of the preceding fiscal year and brought forward as a balance in the Current Liabilities account should be the basis for an entry to close such balance to Unappropriated Fund Balance.

The following entries illustrate the recording of year-end accrued income expenditures and abatements. Neither of these entries has any effect on the cash account. These accounts are cleared in the following year by one of the two methods previously described.

Date	Account			Debit	Credit
6-30-74	9160	Accounts Receivable		______	
	9840	Income			______
	9850	Expenditures			______
		Subsidiary Income Ledger			
8880		Miscellaneous Income	______		
		Subsidiary Expenditures Ledger			
4500		Other Supplies	______		
		To record uncollected fees and abatements			

Date	Account			Debit	Credit
6-30-74	9840	Income		______	
	9850	Expenditures		______	
	9510	Accounts Payable			______
		Subsidiary Income Ledger			
8856		Rental Income	______		

	Subsidiary Expenditures Ledger	
4500	Other Supplies	______
4200	Other Books	______
4300	Instructional Supplies	______

To record liabilities for goods and services received and abatements of income

When accounts are closed, the General Journal entries are made as illustrated in the following examples:

TO CLOSE THE GENERAL RESERVE ACCOUNT

Date	*Account*		*Debit*	*Credit*
6-30-74	9630	General Reserve	______	
	9710	Unappropriated Fund Balance		______
		To close the General Reserve account		

TO CLOSE ESTIMATED INCOME AND INCOME

Date	*Account*		*Debit*	*Credit*
6-30-74	9840	Income	______	
	9710	Unappropriated Fund Balance		______
	9810	Estimated Income		______

	Subsidiary Income Ledger	
8110	Maintenance and Operation (Public Law 81-874)	______
8210	National Defense Education Act (Public Law 85-864)	______
8611	Basic Aid and Equalization Aid	______
8616	Educationally Handicapped	______
8622	Transportation	______
8811	District Secured Tax Roll	______
8812	District Unsecured Tax Roll	______
8880	"Miscellaneous Funds"	______
8920	Other Tuition	______

To close Estimated Income and Income to Unappropriated Fund Balance

TO CLOSE APPROPRIATIONS AND EXPENDITURES

Date	*Account*		*Debit*	*Credit*
6-30-74	9820	Appropriations	______	
	9850	Expenditures		______
	9710	Unappropriated Fund Balance		______

	Subsidiary Expenditures Ledger	
1100	Teachers' Salaries	$360,000
1200	School Administrators' Salaries	20,000
1300	Supervisors' Salaries	25,000
1400	Librarians' Salaries	2,000
1500	Guidance, Welfare, and Attendance Salaries	10,000
1600	Physical and Mental Health Salaries	1,500
1700	Superintendents' Salaries	10,000

1800	Other Certificated Salaries of District and County Administration	5,000
1900	Other Certificated Salaries	1,000
2100	Instructional Aides Salaries	2,000
2200	Offices of County Superintendent and District Administrative Salaries	3,600
2300	Clerical and Other Office Salaries	7,000
2400	Maintenance and Operation Salaries	36,000
2500	Food Services Salaries	5,000
2600	Transportation Salaries	5,000
2900	Other Classified Salaries	500
3100	State Teachers' Retirement System Annuity Fund	11,900
3200	Public Employees' Retirement Fund	2,000
3300	Old Age, Survivors, Disability, and Health Insurance	1,500
3400	Health and Welfare Plans	900
3600	Workmen's Compensation Insurance	900
4100	Textbooks	2,000
4200	Other Books	500
4300	Instructional Supplies	2,500
4500	Other Supplies	800
4800	Equipment Replacements	6,000
5100	Contracts for Personal Services of Consultants, Lecturers, and Others	500
5200	Travel and Conferences and Other Expense Reimbursement	300
5300	Dues and Memberships	200
5400	Insurance	1,000
5500	Utilities and Housekeeping Services	5,000
5600	Contracts, Rents, and Leases	4,500
5700	Legal, Election, and Audit Expenses	500
5800	Other Services and Expense	4,500
5900	Interprogram Charges and Credits	0
6100	Sites and Improvement of Sites	2,500
6200	Buildings and Improvement of Buildings	22,500
6300	Books and Media for New or Expanded Libraries	1,500
6400	New Equipment	7,800
7200	Outgoing Tuition	30,500

Prepaid Expenses

Cash is often disbursed by school districts for services or materials, a portion or all of which actually applies to a future fiscal period other than that in which the cash disbursement is made. The most common such disbursement is for insurance, the full premium of which is paid immediately, but the coverage of which extends into future school years. Were the entire premium charged to the year in which the premium is paid, expenses for such a year would be overstated, and a comparison with years in which such premium was not paid would become invalid. For the purpose, therefore, of including expenditures in the year that the services or materials were received, it becomes necessary to accrue as an asset the amount of cash disbursed for an item allocated to a future year.

When the cash disbursement for an item as discussed above is made, it is necessary to credit the cash account for the full amount of the disbursement. The debit must be split to two accounts, that portion which applies to the current school year being charged to current year expense appropriate to the item, and the remaining portion applicable to a future year charged to the asset account entitled Prepaid Expenses, as in the following example:

General Ledger

Date	*Account*		*Debit*	*Credit*
7-15-73	9850	Expenditures	$100.00	
	9220	Prepaid Expenses	400.00	
	9110	Cash in County Treasury		$500.00
		To record payment of a five-year insurance policy, one year of which applies to the current year		

Appropriation Ledger

Date	*Account*		*Debit*	*Credit*
7-15-73	5400	Insurance	$100.00	
		To record payment of a five-year insurance policy, one year of which applies to the current year		

At the end of the school year when the books are closed, the asset account, Prepaid Expenses, is included with other ending balances and becomes a part of the beginning balance for the next school year.

After the books are opened for the next school year, it is necessary to determine whether all or a portion of Prepaid Expenses applies to the current year. This amount must be charged to the appropriate expense account of the new year, leaving as a remainder in the asset account any amounts not yet applicable. These, in turn, must be carried over as Prepaid Expenses to the next school year. To facilitate determination of the amount to charge to a year other than that in which the original cash disbursement was made, it is good practice to prepare a schedule of amounts and periods applicable at the time when the original cash disbursement is made, as shown in the following example:

PREPAID EXPENSES SCHEDULE

Date	Policy number	Carrier	Overall total	Analysis of total applying to each succeeding year				
				First year	Second year	Third year	Fourth year	Fifth year
7-15-73			$400.00	$100.00	$100.00	$100.00	$100.00	

This schedule is retained for reference at the time of a future year charge-off to ensure that the correct amounts are charged to each succeeding year in which a benefit is received. The preceding schedule would be updated at the beginning of each school year by reducing the control total by the amount of the first year succeeding, which is charged to expense, and by moving each figure in the next several columns one column to the left.

To charge off the portion applicable to a new year at the beginning of that year, a journal entry is made, with the debit to the appropriate expenditures account and the credit to Prepaid Expenses. This should be one of the first entries.

Accounting for Stores

For those school districts that maintain central stores of materials, it would be inappropriate to charge the amount of cash disbursed for stores as an expense for any given year. Instead, it is necessary to charge as expense only the value of the stores issued during such year. The value of stores paid for but not issued must be accrued as an asset to become a part of the ending balance at the close of the school year. The same amount in turn becomes a part of the beginning balance of the new year when the books for the new year are opened.

Unless a Stores Revolving Fund has been established in accordance with provisions in the Education Code, payments for stores are made from the General Fund, with the debit to stock purchases within the Stores account and the credit to Cash, as in the next example:

Journal Entry

Date	*Account*		*Debit*	*Credit*
9-11-73	9210	Stores, purchases for stock	$55.10	
	9110	Cash in County Treasury		$55.10
		To record supplies purchased for stock		

When stock is issued, an entry must be made crediting stock purchases within the Stores account and debiting the appropriate expense account. This may be done by posting detailed requisitions to a special journal, the accumulated total of which is posted to the General Ledger at monthly intervals. Such posting is shown in the following examples:

Stock Issued Ledger

Date	*Requisition number*	*School*	*Account*		
9-7-73	12501	Roosevelt	4300	Instructional Supplies	$ 2.72
9-9-73	332	Garfield	4500	Other Supplies	7.66
9-10-73	2661	Washington	4500	Other Supplies	12.01
9-27-73	32	Wilson	4300	Instructional Supplies	19.43

Monthly Journal Entry

Date		*Stock Issued Ledger*	*Debit*	*Credit*
9-30-73	4300	Instructional Supplies	$22.15	
	4500	Other Supplies	19.67	
	9210	Stores, withdrawals from stock		$41.82
		To record withdrawals of stores for the month of September, 1973		

Stores Ledger

Date	*Overhead reimbursed*	*Overhead expense*	*Stock purchases*	*Stock withdrawals*	*Total stores*
9-11-73			$55.10		$55.10
9-30-73				$41.82	13.28

In the event that a Stores Revolving Fund has been established, a warrant must be drawn on the General Fund payable to the Revolving Fund in the amount of the total withdrawals in lieu of the journal entry just given; but the accounts are otherwise the same.

To extend the value of stock issues, the most common practice is to compute an average price each time new stock is received and to use this average price for extending all requisitions prior to the next receipt. The data necessary to compute an average price is accumulated by maintaining perpetual stock records for each item carried in the warehouse. Part V of this manual contains detailed information about methods of maintaining perpetual stock records.

Certain expenses, other than the disbursement of cash for stock, are usually incurred in the operation of a warehouse. Examples of such expenses are the salaries of warehousemen or deliverymen, utilities, rented space, and vehicles. If stores are accounted for in the General Fund, these other expenses may be distributed directly to the appropriate expenditure accounts or charged to overhead expense. If a Revolving Stores Fund has been established, these other expenses would be charged to overhead expense within the Stores account in the revolving fund rather than in the General Fund. Eventually it will be necessary to prorate these expenses to the appropriate expense accounts; using the distribution charges as a basis for stock withdrawals, prorations may be made either as issues are made or at the end of the year.

One method of distributing overhead incurred in operating a stores warehouse is to add to the average cost of each item requisitioned a fixed percent (overhead) that is sufficient to cover all operation expenses. This method of distributing overhead allows the total warehouse operating costs to be distributed to applicable expenditure accounts by the end of the year. Any surplus or deficit in the net total of the two remaining overhead accounts is then prorated and distributed among the liable expenditure accounts.

If overhead is not distributed along with the stock issues, then some means for eventual distribution of overhead must be maintained. This may be done by keeping a running analysis of withdrawals by classification of the expenditure accounts to which the charges are being made. The totals are converted to percents of the total withdrawals at year's end, and the total overhead expense incurred in operating the stores warehouse is distributed to expenditure accounts on the basis of these percents. When a constant percent is added to issues in accounting for the above entries, the *debit* of the total amount, including the percent for overhead, is charged to the appropriate expenditure account. The *credit*, however, must be split between actual value of the items of stock withdrawals computed at the latest average price and the amount that was obtained by extending that value by the constant percent to cover overhead reimbursed to the Stores account. For this purpose an overhead reimbursed account should be maintained within the Stores account. At the end of the year, the total charges to overhead expense will be available separately from the credits to overhead reimbursed. For the following year, percents may be adjusted to reduce differences between the overhead amounts expended and reimbursed. Any differences between these two accounts at the end of the year must be charged or credited as the case may be to appropriate expense accounts according to the value of items issued.

As mentioned in Part V of this manual, an actual physical inventory should be taken at least once annually, and a comparison should be made between the control count on the perpetual inventory and the actual count. At this time any difference should be adjusted by charging or crediting overhead expense, by the value of any difference in the quantity on hand, with the offset to stock withdrawals. If at any time the warehouse is unable to complete a request because of insufficient stock, an indication of how much was actually issued should be noted on the requisition. This will make possible a simple check of agreement with the perpetual inventory on that item, since the account will now be zero, or very small. Inventory variations discovered at such times should be accounted for when convenient, but no later than the end of the year.

Specifically, if the Stores account is maintained in the General Fund, the net value of the inventory will be reported in part one of the Annual Financial and Budget Report, both as an ending balance for the current year and as a beginning balance for the new year. If a warehouse Revolving Stores Fund account has been established, the net value of the inventory will be entered on part nine of the Annual Financial and Budget Report, which is for special funds. List the accounts as "stores" for both beginning and ending balances. Expenditures for operating purposes will be zero in all cases, since these expenditures are accounted for in the General Fund. Should additional capital be added to the fund resulting from an increase in average daily attendance, the increased capital is accounted for as a transfer expense on the General Fund and a transfer income on the Revolving Stores Fund. Conversely, should some portion of the capital funds be returned to the General Fund, the amount returned is a transfer expense on the Revolving Stores Fund and a transfer income on the General Fund.

In the event that the Revolving Stores Fund is established as a common fund of two or more districts, duplicate Annual Financial and Budget Report forms (part nine) are prepared for inclusion with the budgets of each co-owner of the fund. An indication is made showing the percent of equity of each co-owning district according to the value of its initial cash and inventory contributions to the established fund.

When the Revolving Stores Fund is established initially, the transfer expense account in the General Fund is in the amount of cash plus inventory contributed to the fund. In this year the General Fund will show the value of Stores as a beginning balance but will show no ending balance. The Revolving Stores Fund of the first year will show no beginning balance but will show a transfer income in the total value of cash plus inventory received and an ending balance of Cash and Stores.

General Ledger Accounting for Building Funds

Building funds are used to account for the receipt and disbursement proceeds of the sale of bonds authorized by election and issued by a school district under Education Code Section 21701. The major expenditures in a school district building fund are related to the purchase and improvement of sites, construction and modification of buildings, and the purchase of equipment.

The accounting entries described earlier in this section for appropriations, expenditures, and encumbrances are found in the Building Fund. However, there are some accounting features in this fund that are not found in other funds.

To illustrate the accounting for a building fund, a series of typical transactions and entries in summary form is given, as follows:

1. An issue of bonds totaling $5,000,000 is authorized by the voters for the purchase of sites and the construction of buildings.

Serial Bonds Authorized–Unissued	$5,000,000	
Reserve for Unissued Bonds		$5,000,000

2. The full issue is sold to the Bank of America.

Cash in County Treasury	$5,000,000	
Income–Sale of Bonds		$5,000,000
Reserve for Unissued Bonds	$5,000,000	
Serial Bonds Authorized–Unissued		$5,000,000
Estimated Income	$5,000,000	
Appropriations		$5,000,000

NOTE: Because contracts cannot be let until funds are available, appropriation authority must be withheld until bonds are sold.

3. Construction contracts and agreements to purchase sites are made in the amount of $4,900,000.

Encumbrances	$4,900,000	
Reserve for Encumbrances		$4,900,000

4. Other costs, not encumbered, are paid in the amount of $20,000.

Expenditures	$20,000	
Cash		$20,000

5. Construction contracts and agreements to purchase sites, previously encumbered, are paid in the amount of $4,910,000.

Reserve for Encumbrances	$4,900,000	
Encumbrances		$4,900,000
Expenditures	$4,910,000	
Cash		$4,910,000

6. An entry is made to close Expenditures into Appropriations.

Appropriations	$4,930,000	
Expenditures		$4,930,000

7. An entry is made to close Income into Estimated Income.

Income–Sale of Bonds	$5,000,000	
Estimated Income		$5,000,000

8. An entry is made to close Appropriations into Unexpended Fund Balance.

Appropriations	$70,000	
Unexpended Fund Balance		$70,000

Part VII

Accounting Terminology

Abatement. The return of part or all of an item of income or expenditure to its source during the current fiscal year.

Accounting period. A period of time for which records are maintained and at the end of which financial statements are prepared covering the period.

Account numbers or letters. Numbers and/or letters assigned to the ordinary titles of accounts for classification of accounts and ease of reference.

Accounts payable. Amounts due and owing to private persons, business firms, governmental units, or others for goods and services purchased prior to the end of the fiscal year. Includes amounts billed but not paid.

Accounts receivable. Amounts due and owing from private persons, business firms, governmental units, or others for goods and services sold prior to the end of the fiscal year. Includes amounts billed but not received.

Accrual basis. That method of accounting in which income is recorded when earned, even though not collected, and expenditures are recorded when the liabilities are incurred but not yet paid.

Ad valorem tax. A tax based on a percent of the value of goods or services.

Allocation. Division or distribution according to a predetermined plan.

Allowance. A provision for valuing an asset at net, such as an allowance for bad debts. This valuation account will net accounts receivable to reflect collectable receivables.

Allowances. Sums granted as reimbursement for expenses or services rendered.

Apportionment. Allocation of state or federal aid, district taxes, or other monies among school districts or other governmental units.

Apportionment notice. A document notifying school districts when monies have been deposited with the county treasurer.

Appraisal. An estimate of property value made by the use of systematic procedures based upon physical inspection and inventory, engineering studies, and other economic factors.

Appropriation. An allocation of budgetary funds made by the governing board for specific purposes and limited as to the time when it may be expended.

Appropriation for contingencies (formerly termed *undistributed reserve*). That portion of the current fiscal year's budget that is not appropriated for any specific purpose but is held subject to intrabudget transfer; i.e., transfer to other specific appropriations as needed during the fiscal year.

Appropriation ledger. A record containing an account with each item allocated or budgeted. Such accounts usually show the amount originally appropriated, transfers to or from the appropriation, amounts charged against the appropriation, the encumbrances, the unencumbered balance, and other related information.

Assessed valuation. Value placed upon personal and real property by a governmental unit for taxation purposes.

Assets. Anything owned that has value–tangible or intangible. (See also *current assets* and *fixed assets.*)

Audit. An examination of documents, records, and accounts for the purpose of (1) determining the propriety of transactions; (2) ascertaining whether all transactions are recorded properly; and (3) determining whether statements drawn from accounts reflect an accurate picture of financial operations and financial status.

Available cash. Cash on hand or on deposit in a given fund that is unencumbered and can be utilized for meeting current obligations.

Available surplus. That portion of the excess of assets over liabilities not obligated for current appropriations or for restricted purposes. (See also *unappropriated fund balance.*)

Average daily attendance (a.d.a.). Total approved days of attendance in the school district divided by the number of days the schools in the district are in session for at least the required minimum day. (Refer to Education Code Section 11251 and California Administrative Code, Title 5, Education, sections 400–424.)

Balance sheet. A statement that shows assets, liabilities, reserves, and fund balance or fund deficit of an entity at a specific date and is properly classified to exhibit the financial condition of the entity as of that specific date.

Bond. A certificate containing a written promise to pay a specified sum of money, called the face value, at a fixed time in the future, called the date of maturity, and specifying interest at a fixed rate, usually payable periodically.

Bond discount. The excess of the face value of a bond over the price for which it is acquired or sold. (The price does not include accrued interest at the date of acquisition or sale.)

Bond interest and redemption fund. A fund established to pay bond interest and liquidate indebtedness when due and payable.

Bond premium. The excess of the price at which a bond is acquired or sold over its face value. (The price does not include accrued interest at the date of acquisition or sale.)

Bonded debt. That portion of indebtedness represented by outstanding bonds.

Bonded debt service. Expenses incurred for interest and redemption of bonds.

Bonds authorized and unissued. Legally authorized bonds that have not been sold and that may be sold without the necessity of holding another election.

Budget. A plan of financial operation consisting of an estimate of proposed income and expenditures for a given period and purpose.

Budget document. The instrument used by the budget-making authority to present a comprehensive financial program of the governmental unit. It includes a balanced statement of revenues and expenditures as well as other exhibits to report (1) the financial condition of the several funds of the governmental unit at the end of the preceding completed fiscal period; (2) the estimated condition of the funds at the end of the fiscal period in progress; and (3) the estimated condition of the funds at the close of the ensuing fiscal period based on the financial proposals contained in the budget document.

Budgetary accounts. Accounts that reflect budget operations; i.e., estimated income, appropriations, and encumbrances distinct from the proprietary accounts.

Budgetary control. The management of business affairs in accordance with an approved plan of estimated income and expenditures.

Budgeting. The process of allocating the available resources of an organization among potential activities to achieve the objectives of the organization; planning for the use of resources.

Building fund. A fund established to control the income and expenditures related to the purchase and maintenance of school buildings, sites, and equipment.

Cafeteria account. Receipts and disbursements of the cafeteria function that are processed through a bank.

Cafeteria fund. Receipts and disbursements of the cafeteria function that are processed through the county treasurer.

Capital assets. See *fixed assets.*

Capital outlay. Amounts paid for the acquisition of fixed assets or additions to fixed assets, including land or existing buildings, improvements of grounds, construction of buildings, additions to buildings, remodeling of buildings, or initial and additional equipment.

Cash. Currency, checks, postal and express money orders, and banker's drafts on hand or on deposit with an official or agent designated as custodian of cash; and bank deposits. Any restriction or limitations as to the availability of cash should be indicated.

Cash advance. Cash apportioned in advance of the usual apportionment period.

Cash basis. Method of accounting in which income and expenditures are recorded only when cash is actually received or disbursed.

Cash collections awaiting deposit. Receipts on hand or monies in a bank clearing account awaiting deposit in the county treasury.

Cash discount. An allowance made on a purchase if paid within a stated period. (The term is not to be confused with trade discount.)

Cash in bank. Balances in separate bank accounts such as student body accounts, adult education incidentals, school farm accounts, and cafeteria accounts.

Cash in county treasury. Cash balances on deposit in the county treasury for the various funds of the school districts.

Chart of accounts. A list of accounts, systematically arranged, applicable to a specific concern. All account names and numbers, if any, are listed in order.

Check. A bill of exchange drawn on a bank payable on demand; a written order on a bank to pay on demand a specific sum of money to a named person, to his order, or to bearer out of money on deposit to the credit of the maker. A check differs from a warrant in that a warrant is not necessarily payable on demand and may not be negotiable; it differs from a voucher in that a voucher is not an order to pay. A voucher-check combines the distinguishing marks of a voucher and a check; it shows the propriety of a payment and is an order to pay.

Child development fund. A fund established to control the financial operations of children's centers.

Classification. The naming or identification of an item or a category, such as the designation of the particular account into which a receipt or expenditure is to be recorded, or the separation of data into acceptable groupings so that financial facts can be stated more accurately.

Clearing accounts. Accounts used to accumulate total receipts or expenditures for later distribution among the accounts to which such receipts or expenditures are properly allocable or for recording the net differences under the proper account. (See also *revolving cash fund, prepaid expenses,* and *petty cash.*)

Code. (1) A distinguishing reference number or symbol. (2) A statement of the laws of a specific field; e.g., Education Code, Penal Code, Civil Code, and Labor Code.

Collier Factor. A ratio developed for each county by the State Board of Equalization for the purpose of adjusting to the statewide average the assessed value of the local property rolls in relation to the market value thereof.

Contingent liabilities. Items that may become liabilities as a result of conditions undetermined at a given date; e.g., guarantees, pending lawsuits, judgments and appeals, and unsettled disputed claims.

Contracted services. Expense of services rendered under contract by personnel who are not on the payroll of the school system, including all related expenses covered by the contract.

Controlling account. A summary account, usually maintained in the general ledger, in which is entered the aggregate of the debit and the credit postings to a number of identical, similar, or related accounts called subsidiary accounts. Its balance equals the sum of the balances of the detail accounts.

Cost. The amount of money or its equivalent value paid or agreed to be paid for property or services. Costs may be incurred even before money is paid; that is, as soon as a liability is assumed. Ultimately, however, money or its equivalent must be given in exchange. The cost of some property or service may in turn become a part of the cost of another property or service. For example, the cost of materials purchased will be reflected in the cost of articles made from such materials.

County School Service Fund (C.S.S.F.). A fund established to control the financial operations of the offices of county superintendents of schools.

Credit. The right side of a double-entry posting. The credit will reduce assets and expenditures and increase liabilities, income, and fund balance.

Current assets. Assets that are available or can be made readily available to meet the cost of operations or to pay current liabilities.

Current expense of education. The current general fund operating expenditures of a school district for kindergarten and grades one through twelve *excluding* expenditures for food services, community services, and object classifications 6000 and 7000 (except 7250, ***Current Expense for Regional Occupational Centers or Regional Occupational Programs***).

Current liabilities. Amounts due and payable for goods and services received prior to the end of the fiscal year. Current liabilities should be paid within a relatively short period of time, usually within a year.

Current loans. A loan payable in the same fiscal year in which the money was borrowed.

Debit. The left side of a double-entry posting. The debit will increase assets and expenditures and reduce liabilities, income, and fund balance.

Debt limit. The maximum amount of bonded debt for which a school district may legally obligate itself.

Debt service. Expenditures for the retirement of debt and for interest on debt, except principal and interest on current loans.

Deferred charges. Expenditures not chargeable to the period in which they are made but set up as assets to be eliminated by charges as expenditures in subsequent periods.

Deferred income. Income unearned in a given period but set up as a liability to be included as income earned in subsequent periods.

Deficit. Excess of liabilities over assets.

Delinquent taxes. Taxes remaining unpaid after the close of the year in which levied. (See also *prior years' taxes,* in most cases the preferred term.)

Depreciation. Estimated loss in value or service life of fixed assets because of wear and tear through use, elapse of time, inadequacy, or obsolescence.

Designated income. Income received for a specific purpose.

Development Center for Handicapped Minors Fund. A fund established to control the financial operations of development centers for handicapped minors.

Direct expenses or costs. Expenses that can be separately identified and charged as a part of the cost of a product, service, or department.

Direct support charges. Charges for a support program and services that directly benefit other programs.

Disbursements. Payments by currency, check, or warrant. (The term is not synonymous with *expenditures.*)

Double entry. A system of bookkeeping that requires an amount credited for every corresponding amount debited. Thus, the double-entry ledger maintains equality of debits and credits.

Earned interest income. A sum of money received or due to be received for the use of money loaned or invested.

Employee benefits. Amounts paid by the school system on behalf of employees; these amounts are not included in the gross salary, but are over and above. They are fringe benefit payments; and while not paid directly to employees, they are nevertheless a part of the cost of salaries and benefits. Examples are (1) group health or life insurance payments; (2) contributions to employee retirement; (3) O.A.S.D.I. (Social Security) taxes; (4) workmen's compensation payments; and (5) payments made to personnel on sabbatical leave.

Encumbrances. Obligations in the form of purchase orders, contracts, salaries, and other commitments chargeable to an appropriation for which a part of the appropriation is reserved.

Endowment fund. A fund from which the income may be withdrawn but the principal sum of which must remain intact or be accounted for in accordance with the terms of the trust document.

Entitlement. An estimate of an apportionment based on specific qualifications.

Estimated income. Expected receipts or accruals of monies from revenue or nonrevenue sources during a given period.

Expenditures. Amounts paid or liabilities incurred for all purposes. Accounts kept on an accrual basis include all charges whether paid or not. Accounts kept on a cash basis will include only actual cash disbursements. (See Part III of this manual.)

Face value. As applied to securities, the amount stated in the security document.

Fees. Amounts collected from or paid to individuals or groups for services or for use of school or other facilities.

Fidelity bond. A form of insurance that provides for the indemnification of the school district or other employer for losses arising from the theft or dishonesty of employees.

Fiscal year. A period of one year, the beginning and ending dates of which are fixed by statute; in California, the period beginning July 1 and ending June 30.

Fixed assets. Assets of a permanent character having continuing value; e.g., land, buildings, machinery, furniture, and equipment. The term *capital assets* is sometimes used in the same sense, but *fixed assets* is preferred.

Full-time equivalent. The ratio of time expended in a part-time position to that of a full-time position. The ratio is derived by dividing the amount of employed time required in the part-time position by the amount of employed time required in a corresponding full-time position.

Function. An act, service, or group of services proper to a person, thing, or institution and aimed at accomplishing a certain end.

Functional accounting. A system of accounting in which records are maintained to accumulate income and expenditure data by purpose and usually are further classified within generalized functional areas such as instruction, administration, or operations.

Fund. A sum of money or other resources set aside for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. A fund is a distinct financial or fiscal entity.

Fund balance. The difference between assets and liabilities.

Funded debt. See *bonded debt,* the preferred term.

General fund. The fund used to finance the ordinary operations of the school district. It is available for any legally authorized purpose.

General ledger. A book, file, or other device in which accounts are kept to the degree of detail necessary to summarize the financial transactions of the school system. General ledger accounts may be kept for any group of items of receipts or expenditures on which an administrative officer wishes to maintain a close check.

General purpose tax rate. Tax rate authorized by legislative statute or by an election held in the school district for the purpose of acquiring tax income for the general operation of the school district.

General reserve. An account to record the reserve budgeted to provide operating cash in the succeeding fiscal year until taxes and state funds become available.

Gift. Anything of value received from any source for which no repayment or service to the contributor is expected.

Grade level. Assigned classification of pupils according to age and progress; e.g., kindergarten, first grade, and so forth.

Grant. A contribution, either in money or material goods, made by one entity to another. Grants may be for specific or general purposes.

Grants-in-aid. Outright donations or contributions, usually by a superior governmental unit, without the prior establishment of conditions with which the recipient must comply.

Holding accounts. Suspense accounts used temporarily to accumulate costs that will ultimately be charged to other using programs.

Income. Revenue and nonrevenue receipts. Revenue receipts are additions to assets for which no obligations are incurred. Nonrevenue receipts are receipts of money in exchange for property of the school district or for which the district incurs an obligation.

Indirect expense and overhead. Those elements of indirect cost necessary in the operation of the district or in the performance of a service that are of such nature that the amount applicable to each accounting unit cannot be separately identified.

Indirect support charges. Routine services not performed as a special service for a particular program but allocated to using programs.

In lieu of taxes. Income to replace the loss of tax revenue resulting from property exempted from taxation.

Interest. A fee charged a borrower for the use of money.

Interfund accounts. Accounts in which transactions between funds are reflected.

Interfund transfers. Money that is taken from one fund under the control of the Board of Education and added to another fund under the board's control. Interfund transfers are not receipts or expenditures of the school system.

Internal audit. An examination made by school district employees whose duty it is to make continuous or periodic checks on the reliability of the school district's accounting and reporting procedures.

Internal control. A plan of organization under which employees' duties are so arranged and records and procedures so designated as to provide a system of self-checking, thereby enhancing accounting control over assets, liabilities, income, and expenditures. Under such a system the employee's work is subdivided so that no one employee performs a complete cycle of operation; such procedures call for proper authorization by designated officials.

Intrabudget transfers. Amounts transferred from one appropriation account to another within the same fund.

Inventory. A detailed list showing quantities and description of property on hand at a given time. It may also include units of measure, unit prices, and values.

Investments. Disbursements of cash for the purpose of generating income.

Investment in fixed assets. The book value of fixed assets.

Invoice. An itemized statement of charges for merchandise sold or services rendered to the purchaser.

Job account. An account established to record the accumulation of costs of a specific piece of work; work orders showing charges for material and labor used.

Journal. Any accounting record in which the financial transactions of the school district are formally recorded for the first time; e.g., the cash receipts book, check register, and journal voucher.

Journal voucher. A form provided for the recording of certain transactions or information in place of, or supplementary to, the journal or registers.

Judgments. Amounts due to be paid or collected by the school district as the result of court decisions.

Ledger. A group of accounts in which are recorded the financial transactions of a governmental unit or other organization. (See also *general ledger* and *appropriation ledger.*)

Level. A division of the management levels described by the program structure of the district.

Levy. The imposition of taxes or special assessments for the support of governmental activities; also, the total amount of taxes, special assessments, or service charges imposed by a governmental unit.

Liabilities. Legal obligations (exclusive of encumbrances) that are unpaid.

Life span (grade span). Broad group classification of pupils or students according to age and progress; i.e., preformal, elementary, secondary, and adult.

Long-term loan. A loan that extends for more than five years from the date the loan was obtained and is not secured by serial or term bonds.

Lump-sum appropriation. An appropriation made for a stated purpose or for a named department without the amounts that may be spent for particular object classifications being specified.

Modified assessed valuation. Local assessed valuation adjusted by application of a ratio known as the Collier Factor and other factors when applicable; e.g., motion picture, Redevelopment Agency, and so forth.

Modified cash basis (modified accrual basis). Any method of accounting that combines the concepts of cash basis accounting with those of accrual accounting

Multiyear financial plan. A plan that presents financial estimates of programs in tabular form for a period of years. These estimates should reflect the future financial impact of current decisions. The data in the MYFP should be organized along the lines of the program structure.

Object. As used in an expenditure classification, a term that applies to the article purchased or the service obtained.

Obligations. Amounts that the school district may be legally required to meet out of its resources. They include not only actual liabilities but also unliquidated encumbrances. (See also *liabilities.*)

Order (for payment). A written demand of the governing board of a school district requiring the county superintendent of schools to draw his requisition on the county auditor for the payment of a claim against the school district.

Overdraft. The amount by which checks, drafts, or other demands for payment on the treasury or on a bank account exceed the amount of the balance upon which they are drawn; or the amount by which encumbrances and expenditures exceed the appropriation to which they are chargeable.

Overhead. Elements of indirect cost necessary in the operation of the school district or in the performance of a service that are of such nature that the amount applicable to each accounting unit cannot be determined readily and accurately.

Override tax rate. A tax rate levied at the discretion of the school board for a specific purpose. The tax income received from this source may be used only for the designated purpose. Override tax rates may be levied in addition to the general purpose tax rate.

Par value. The price at which securities are issued.

Payroll register. A document accompanying one or more orders on a school district fund for the payment of salaries or wages to employees that contains the names of such employees and provides information substantiating such orders.

Payroll warrant. A document used as an order or a requisition on funds of a school district for the purpose of paying salaries or wages.

Personal property. All property except real estate.

Petty cash. A sum of money set aside for the purpose of making change or immediate payments of small amounts. (See also *revolving cash fund.*)

Prepaid expenses. Items for which payment has been made but for which benefits have not been realized as of a certain date; e.g., prepaid rent, prepaid interest, and premiums on unexpired insurance. Benefits and corresponding charges to expenses will be borne in future accounting periods.

Prior years' taxes. Taxes collected within the current fiscal year for levies in previous fiscal years.

Program (noun). A group of related activities consisting of a unique combination of objects that operate together to accomplish common ends.

Program accounting. A system of accounting in which records are maintained to accumulate income and expenditure data by program. (See Part I of this manual.)

Program costs. Costs incurred and allocated by programs rather than by organizations. Program costs should be those direct costs that are essential to maintain the program. (See also *direct costs.*)

Program definitions. See Part I and Exhibit I-D in this manual.

Program structure. The hierarchical arrangement of programs that represent the interrelationship of activities to goals and objectives. The program structure contains categories of activities with common outputs and objectives. Programs may cut across existing departments and agencies.

Property tax rate. See *tax rate.*

Proprietary account. An account reflecting the assets and liabilities of the district.

Prorating. The allocating of expenditures or income from a single source to two or more accounts to show the correct distribution of charges or income.

Protested taxes. Tax money paid under protest and held by the county auditor pending settlement of the protest.

Purchase order. A document which, issued to a vendor, authorizes the delivery of specified merchandise or the performance of certain services and the making of a charge for them.

Real property. Property consisting of land, buildings, minerals, timber, landscaping, and all improvements thereto.

Rebates. Abatements or refunds.

Receipts, nonrevenue. Amounts received that either incur an obligation that must be met at some future date or change the form of an asset from property to cash and therefore decrease the amount and value of school property. Money received from loans, sale of bonds, sale of property purchased from capital funds, and proceeds from insurance adjustments constitute most of the nonrevenue receipts.

Receipts, revenue. Additions to assets that do not incur an obligation that must be met at some future date and do not represent exchanges of property for money.

Reclassification. Redesignation of current year's income or expenditure items previously posted to one account and later determined to be more properly charged to a different account.

Refund. An amount paid back or credit allowed on account of an overcollection.

Registered warrant. A warrant that is registered by the county treasurer for future payment on account of present lack of funds and that is to be paid with interest in the order of its registration.

Registers. A listing of transactions of like kind that may be totaled and summarized for convenience in posting; e.g., payroll registers, warrant registers, and attendance registers.

Reimbursement. Cash or other assets received as a repayment of the cost of work or services performed; or repayment of other expenditures made for or on behalf of another governmental unit, fund, or department. (See also *refund.*).

Requisition. A document submitted initiating a purchase order to secure specified articles or services.

Reserve. An amount set aside to provide for estimated future expenditures or losses, for working capital, or for other specified purposes.

Reserve for encumbrances. A reserve representing the segregation of a portion of a fund balance to provide for unliquidated encumbrances. Separate accounts may be maintained for current and prior year encumbrances.

Resources. All assets owned including land, buildings, cash, estimated income not realized, and, in certain funds, bonds authorized but unissued.

Restricted funds. Monies the use of which is restricted by legal requirements.

Revenue. Addition to assets not accompanied by an obligation to perform service or deliver products.

Revolving cash fund. A stated amount of money used primarily for emergency or small or sundry disbursements and reimbursed periodically through properly documented expenditures, which are summarized and charged to proper accounting classifications.

Sales and use tax. Tax imposed upon the sale and consumption of goods and services. It can be imposed as a general tax on the retail price of all goods and services sold within the school system jurisdiction with few or limited exemptions or as a tax upon the sale or consumption of selected goods and services. Separate accounts may be maintained for general sales taxes and for selective sales taxes.

Schedules. Explanatory or supplementary statements that accompany the balance sheet or other financial statements.

Secured roll. Assessed value of real property, such as land, buildings, secured personal property, or anything permanently attached to land as determined by each county assessor.

Securities. Bonds, notes, mortgages, or other forms of negotiable or nonnegotiable instruments.

Self-contained classroom. A classroom in which a teacher usually instructs one group of students in a majority of the instructional programs for a school year. Self-contained classrooms are usually found at the elementary school level.

Serial annuity bonds. Notes or other evidences of obligation in which the annual payment of principal and interest combined are approximately the same each year.

Serial bonds. Notes or other evidences of obligation redeemable by installment, each of which is to be paid out of income of the year in which it matures.

Shared revenue. Revenue levied by one governmental unit but shared, usually in proportion to the amount collected, with another unit of government or class of governments.

Short-term loans. A loan payable in five years or less but not before the end of the current fiscal year. (See also *current loans.*).

Site. The location of a school or a central administrative unit.

Source document. Any voucher or other data that supports an entry in the accounting records.

Special audit. An examination of the accounting records having a specific purpose, or a general examination in addition to or in extension of the usual examination.

Specifications. Those particular qualities required of products or services.

Statements. Formal written presentations setting forth financial information. The term includes exhibits, schedules, and written reports.

State School Fund. Monies provided by statute to the State Department of Education for distribution to school districts on a predetermined formula.

Stores. Goods on hand in storerooms subject to requisition.

Student body fund. A fund to control the receipts and disbursements of student association activities.

Subsidiary account. A related account that supports in detail the debit and credit summaries recorded in a controlling account.

Subsidiary ledger. A group of subsidiary accounts, the sum of the balances of which equal the balance of the related controlling account.

Subvention. Provision of assistance or financial support, usually from a superior governmental unit.

Summary. Consolidation of like items for accounting purposes.

Supply. A material item of an expendable nature that is consumed, wears out, or deteriorates in use; or one that loses its identity through fabrication or incorporaton into a different or more complex unit or substance.

Surety bond. A written promise to pay damages or to indemnify against losses caused by the party or parties named in the document through nonperformance or through defalcation; e.g., a surety bond given by a contractor or by an official who handles cash or securities.

Surplus. The excess of assets over liabilities.

Suspense account. An account to which postings are made temporarily pending determination of the proper account to be charged or credited.

Suspense clearing. An account that carries temporarily pending charges or credits to the proper account or accounts to which they are to be posted.

Tax anticipation notes. Instruments issued to secure monies borrowed in expectation of receipt of tax-funds.

Tax liens. Claims by governmental units upon properties for which taxes levied remain unpaid.

Tax rate. The amount of tax stated in terms of a unit of the tax base.

Tax rate limit. The maximum rates of tax that a governmental unit may levy.

Tax redemption. Proceeds from the sale of tax-delinquent property.

Tax relief subventions. Funds ordinarily paid to compensate for taxes lost because of tax relief measures.

Tax roll. The list showing the amount of taxes levied against each taxpayer or property.

Taxes. Compulsory charges levied within its boundaries by a governmental unit against the income or property of persons, natural or corporate, to support its activities.

Taxes receivable. An asset account representing the uncollected portion of taxes levied.

Term bonds. Bonds of the same issue maturing at a specified time or for a specified period.

Test check. The verification of selected items on the assumption that those selected are representative of the entire group from which they are selected. If no errors are found, the unchecked items in the group are assumed to be correct.

Trade discount. A reduction of the list price, usually expressed as a percent and related to volume of business transacted. (The term is not to be confused with *cash discount.*)

Trailer coach fees. Assessments collected from owners of trailer homes, which constitute personal property used in lieu of taxable real property.

Transfer. Interdistrict or interfund payments or receipts not chargeable to expenditures or credited to income. Certain budget revisions are often referred to as transfers.

Trial balance. A list of the balances of the accounts in a ledger kept by double entry, with the debit and credit balances shown in separate columns. If the totals of the debit and credit columns are equal or if their net balance agrees with a controlling account, the ledgers from which the figures are taken are said to be "in balance."

Trust fund. A fund consisting of resources received and held by the school district as trustee to be expended or invested in accordance with the conditions of the trust.

Tuition. An amount charged for educational services provided to a student.

Unappropriated fund balance. The portion of a fund balance not segregated for specific purposes. All assets and estimated income available for appropriation are credited to the account and General Reserve; budgeted appropriations and other obligations are debited. The net value of the account represents the unappropriated fund balance.

Unencumbered balance. That portion of an appropriation or allotment not yet expended or obligated.

Unit cost. The total expenditure for a product, program, or service divided by the total quantity obtained or some other quantitative measure; e.g., total expenditure divided by number of students equals cost per student.

Unrealized income. Estimated income less income received to date; also, the estimated income for the remainder of the fiscal year.

Unsecured roll. Assessed value of personal property other than secured property.

Voucher. Any document that supports or verifies a certain transaction.

Voucher warrant. A form embodying a warrant and voucher in one document.

Warrant. A written order drawn by the governing board or its authorized officer(s) or employee(s), approved by the county superintendent of schools, and allowed by the county auditor, directing the county treasurer to pay a specified amount to a designated payee.

Warrants payable. The face amount of warrants outstanding and unpaid.

Withholding. The process of deducting from a salary or wage payment an amount, specified by law or regulation, representing the estimated federal or state income tax of the individual that the employer must pay to the taxing authority.

Work in process. An asset representing the value of partially completed work.

Work order. A written authorization for the performance of a particular job containing a description of the nature and location of the job and specifications for the work to be performed. Such authorizations are usually assigned job numbers, and provision is made for accumulating and reporting labor, material, and other costs.

Part VIII

Data Processing Terminology

Alpha. The term used to indicate letters of the alphabet as opposed to numbers.

Alphanumeric. A term used to indicate a combination of letters, numbers, and special symbols such as punctuation or mathematical notation.

Automated data processing (ADP). The continuous integrated operation of data processing in which automatic machines are used; different from manual data processing.

Batch. A controlled group of data gathered together for processing or balancing.

Batch processing. A technique by which items to be processed must be coded and collected into groups before processing.

Binary number system. An internal numbering system incorporated by computers which uses a base of two, expressed as 0 or 1 (as opposed to the decimal system, which uses a base of ten).

Block diagram. A graphic presentation of a system, computer, or program in which selected portions are represented by boxes and interconnecting lines (See also *flow chart.*).

Bug. A mistake, malfunction, or omission in the design of a program or computer.

By-product information. Data, which, as a result of being tabulated in a particular fashion or as a result of being processed for other than the area of specific design, becomes available for existing records created for an entirely different purpose.

Card punch. A machine that encodes data into tabulating cards in the form of a pattern of round or rectangular holes; card punches may be activated by a computer or from a keyboard (See also *key punch.*).

Cathode ray tube (*CRT*). A device similar to a television screen upon which data can be stored or displayed.

Central processing unit (CPU). That portion of a computer containing the arithmetic, logic, control, and in some cases, main storage units.

Character reader. A machine that optically scans alphabetic, numeric, or special characters previously entered on a document (usually by high-speed printer, typewriter, or imprinter).

Code. A system of rules or signals for using a set of characters to represent data or instructions.

Collating. Comparing and merging two or more similarly sequenced groups of items into one sequenced group.

Common Business-Oriented Language (COBOL). A computer programming language using basic English phrases designed for business applications.

Common language. A single code used by several devices (for example, typewriters, calculators, and transmitters) manufactured by different companies.

Compilation. Preparation of a machine language program by translation of each symbolic coded instruction into two or more machine language instructions.

Data. Basic elements of information–facts, numbers, letters, or symbols–with or without a computer.

Data collection. The act of bringing data from one or more points to a central point.

Data communication. The transmission of data from one point to another.

Data processing. A series of planned actions and operations upon data to achieve a desired result.

Data processor. A group of people and/or machines organized and acting together to process data.

Debugging. Finding and removing the mistakes from the design of a program or computer.

Electronic data processing (EDP). A term referring to equipment that processes data by electronic means; i.e., analog and digital computers.

Flow chart. A graphic representation of the major steps of work in process. (See also *block diagram.*).

Fortran (FORmula TRANslation). A programming system that converts mathematical statements into computer language.

Hard copy. Any printed copy of machine output; e.g., reports, listings, documents, or other copy in the form printed out by a computer.

Hardware. The physical equipment or devices which together comprise a computer and associated data processing machines; the mechanical or machine portion of a computer system.

Information. Facts and intelligence that result from data processing operations.

Information retrieval. The methods and procedures for recovering specific information from stored data.

Input. Transfer of external information into the central processing unit or into an intermediate data-processing storage device.

Inquiry station. A remote terminal device, such as a typewriter keyboard, from which interrogation of the contents of a computer's storage can be made.

Key punch. A card punch activated by a keyboard. (See also *card punch.*).

Language. A system for representing and communicating information between people and/or machines.

Lines per minute (LPM). The rate of printing speed of output printers.

Magnetic disc. A flat, circular plate with a surface that can be magnetized to store data.

Magnetic tape. A plastic or mylar strip coated with a metallic oxide upon which data can be recorded in magnetized spots.

Mark reader. A machine that optically scans marks entered (usually manually) in specific positions on a form and assigns values based on such positions.

Mark sense. Pencil strokes generally entered on bubbles on a punch card that can be read electrically by a machine.

Optical character recognition (OCR). A general term referring to the technique of using machines for optical reading of characters, symbols, or marks from a printed input document.

Optical scanner. A device that optically reads printed or written data, which is stored or entered into a computer.

Output. Information transferred from internal storage to output devices to produce cards, tapes, business forms, reports, and so forth.

Paper tape. A ribbon-like strip of paper, one inch or less in width, used as a means of recording data in the form of coded perforations.

Peripheral equipment. The auxiliary machines that may be placed under the control of the central computer; e.g., card readers, punches, and high-speed printers.

Printout. Display of computer-processed information as hard copy.

Program. A series of instructions that tell the computer in minute detail how to process data.

Programmer. A person who prepares problem-solving procedures and flow charts and who may also write and debut programs.

Random access. A storage technique in which the computer can find one bit of data as quickly as any other, regardless of its specific location in storage, without requiring a sequential storage.

Real-time processing. A method of processing data in which the machine begins to function at the moment of initial input so that there is virtually no passage of time between inquiry and result.

Software. Written programs and routines used to extend the capabilities of computers.

Source document. Any form from which data are taken for processing.

Storage. The retention of data for future retrieval

Test routine. A program designed to show whether or not a computer is functioning properly.

Throughput. Productivity based on all facets of an operation; e.g., a computer that can read, write, and compute simultaneously would have a high throughput rating processing through the system.

Time-sharing. Using a computer to process multiple requests by independent users and providing responses rapidly so that each user feels that the computer is entirely at his disposal.

Unit record equipment. Computerized auxiliary equipment such as card readers, collators, and interpreters.

Updating. Revising so as to include current data.